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NATIONAL FOOD SITUATION

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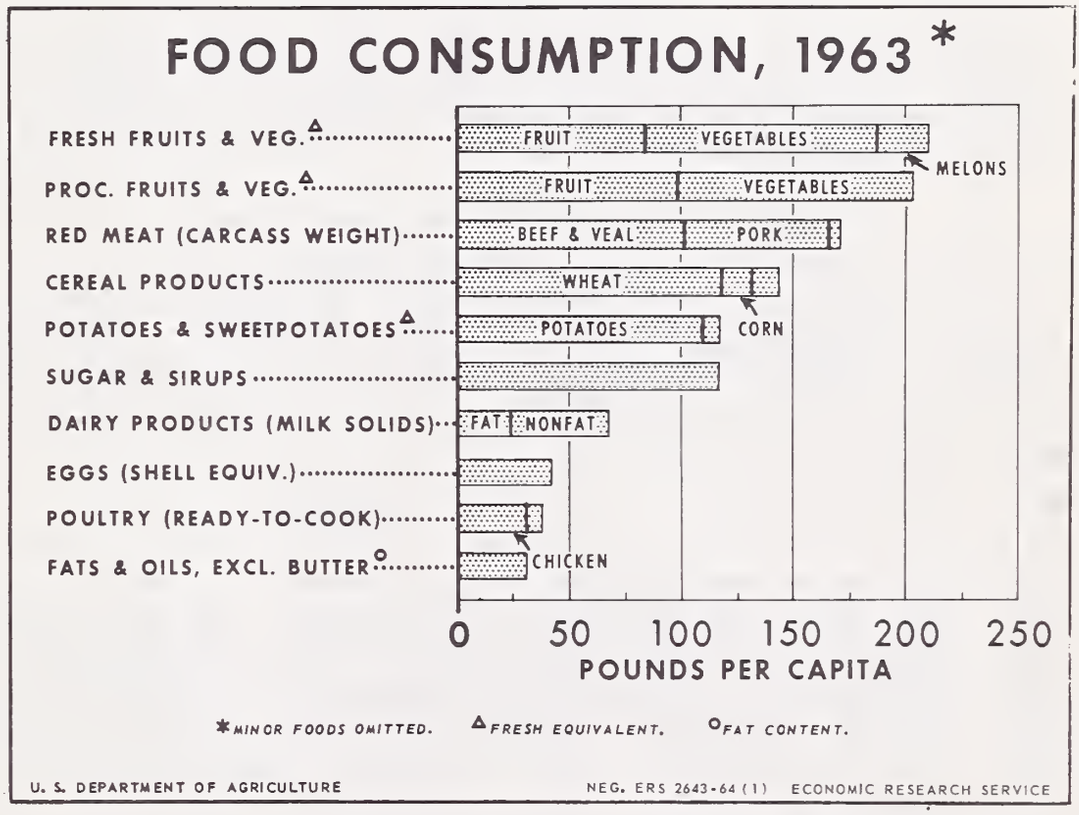
The fresh fruit and vegetable food group led all others in pounds of food consumed per capita in the United States in 1963. Running a close second, but gaining, was usage of processed fruits and vegetables (fresh equivalent). The red meat group, largely due to greater use of beef, outran per capita usage of each of 3 higher calorie groups -- cereals, potatoes, and sugar. Per capita usage of each of the remaining major groups -- dairy products (milk solids), eggs, poultry, and fats and oils -- was relatively small. However, consumption of dairy products in terms of milk equivalent, at 634 pounds, exceeded all other groups.



IN THIS ISSUE

The World Food Problem

Projections of Food Consumption to 1968

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Table 1.--Volume of farm marketings and home consumption

(Index numbers, 1947-49=100)

Item	1935-39 average	1955	1956	1957	1958	1959 1/	1960 1/	1961 1/	1962 1/	1963 Preliminary 1/ 2/	1963 as a percentage of 1935-39	1963 as a percentage of 1962
Marketings and home consumption of all farm commodities 3/	73	112	117	112	119	124	127	128	130	133	182	102
Food marketings and home consumption	75	110	116	113	116	120	121	125	125	127	169	102
Marketing	69	114	121	118	122	127	129	133	133	137	199	103
Home consumption	122	74	73	70	65	62	57	52	49	46	38	94
Food grains 4/	54	81	90	78	109	104	114	111	99	105	194	106
Vegetables 5/	88	97	101	100	100	101	102	106	107	109	124	102
Fruit and nuts 6/	89	103	105	103	103	110	104	107	109	104	117	95
Sugar crops	106	107	107	122	120	130	134	148	150	197	186	131
Total food crops 7/	74	91	96	91	105	104	107	109	104	108	146	104
Meat animals	73	119	125	120	1/117	125	126	129	130	134	184	103
Poultry and eggs	63	122	134	137	1/145	151	150	162	161	166	263	103
Dairy products	88	107	110	111	1/110	109	110	112	113	112	127	99
Total food livestock 8/	75	116	123	121	1/120	126	126	131	132	134	179	102
Nonfood marketing	69	121	121	108	131	138	146	139	147	151	219	103

1/ Incorporates revisions based on the 1959 Census of Agriculture. 2/ Estimates for 1963 are based on calendar-year quantities estimated as of February 1, 1964. 3/ Food and nonfood items. 4/ Wheat, rye, rice and buckwheat. 5/ Truck crops for fresh use and processing,potatoes, sweetpotatoes, dry edible beans, dry field peas, mung beans. 6/ Except peanuts. 7/ In addition to the crops listed above, includes peanuts, peppermint, popcorn, spearmint, and vegetables grown under glass. 8/ Also includes honey, but excludes turkey hatching eggs.

Table 2.--Food consumption per capita 1/

(Index, 1947-49=100)

Selected years	Meat	Poultry	Fish	Eggs	Dairy, excluding butter	Fats and oils, including butter	Fruits: Fresh	Fruits: Processed	Fruits: Total	Vegetables: Fresh	Vegetables: Processed 2/	Vegetables: Total 3/	Potatoes and sweetpotatoes	Beans, peas, nuts	Cereal products	Sugar and sirups	Coffee, tea and cocoa	All food
1910	99	76	107	78	69	104	106	21	79	93	24	72	184	79	131	59	58	87.6
1920	92	69	114	77	79	94	111	44	89	96	33	77	144	77	113	69	70	86.9
1930	87	79	98	85	82	117	104	51	87	102	51	87	122	91	115	93	73	90.7
1940	96	80	102	82	86	119	109	82	100	106	71	95	112	110	105	94	90	95.4
1941	97	86	108	80	88	120	113	77	102	103	75	95	118	108	106	102	93	97.3
1942	96	97	84	81	95	115	97	75	90	106	83	99	120	113	107	86	77	96.2
1943	100	120	75	88	95	101	87	65	80	109	74	98	121	103	119	84	73	97.4
1944	106	107	84	90	97	99	104	65	92	114	78	103	128	107	108	92	86	100.4
1945	100	118	94	102	103	94	103	82	96	117	94	110	114	109	114	76	89	101.4
1946	104	109	101	96	108	95	103	112	106	111	106	109	114	104	113	81	109	104.1
1947	105	99	96	99	103	100	105	96	102	103	99	102	112	97	101	103	97	102.2
1948	98	97	101	101	99	99	99	100	99	101	99	101	92	103	100	98	101	98.9
1949	97	104	102	100	98	101	96	104	99	96	101	97	96	100	99	100	103	98.9
1950	97	113	111	102	98	108	85	113	94	92	109	98	93	110	98	111	92	100.2
1951	93	119	106	104	98	98	88	112	95	90	113	97	93	100	101	103	94	98.3
1952	98	122	105	104	99	101	85	126	98	88	119	98	84	99	99	107	94	100.3
1953	105	122	103	101	98	101	84	130	98	85	123	97	88	96	97	106	96	101.4
1954	104	129	104	100	99	106	80	131	96	84	124	96	88	94	95	109	85	101.3
1955	109	121	97	99	100	106	77	141	97	83	130	98	88	91	90	109	86	102.1
1956	112	136	98	98	101	106	76	142	97	83	134	99	84	97	91	111	88	103.8
1957	107	144	97	96	99	104	75	145	97	81	135	98	86	94	90	109	89	102.2
1958	101	156	102	95	97	105	76	137	95	79	143	99	81	93	92	110	89	101.3
1959	106	161	102	94	97	107	78	141	98	78	147	100	83	98	90	110	90	103.3
1960	108	158	100	90	97	106	73	148	97	81	152	104	82	95	90	110	89	103.0
1961	107	174	103	87	94	105	69	146	93	81	155	104	82	99	89	110	90	103.2
1962 4/	109	171	101	87	94	108	67	151	93	80	164	106	80	95	87	111	91	103.6
1963 4/	114	173	98	85	94	107	64	135	86	81	166	108	80	97	87	111	89	104.1

1/ Civilian consumption, starting 1941. Quantities of food items (using retail store weights) are combined in terms of 1947-49 retail prices. Ingredients of mixed foods are included in the primary groups given. Includes home-produced as well as commercial quantities. Revisions to incorporate Census of Agriculture changes and to reprice and rebase to the 1957-59 period are planned. 2/ Includes all soups and baby food. 3/ Excludes beans and peas, potatoes and sweetpotatoes. 4/ Preliminary.

NATIONAL FOOD SITUATION

Approved by Outlook and Situation Board January 31, 1964

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SUMMARY

* Overall strength in the U. S. economy is providing support for continuing growth in the demand for food. Rising incomes provide the basis for satisfying the expanding food needs of a growing population. Rapid increases in the production and consumption of total goods and services were evident throughout 1963. Additions in the food sector totaled 6½ percent of 1963's $30 billion increase in gross national product.

* Expenditures for food approached $76 billion in 1963, a gain of nearly 3 percent from 1962. Population gains and higher prices accounted for most of the increase, but some increase took place in consumption of high-valued foods. Food expenditures took a little less than 19 percent of personal disposable income last year, a record low for the United States and below that of any other country. Food expenditures in the final quarter of the year were only slightly ahead of the previous quarter and up only 2 percent from the last quarter of 1962.

* The per capita food consumption index rose half of 1 percent in 1963. Substantially more meat was eaten; a jump of almost 7 pounds brought total meat consumption to over 170 pounds per capita. Most of the increase was beef,

but pork consumption rose too. In addition, Americans used 31 pounds of chicken, up a pound from 1962. They ate more vegetables last year but sharply less fruit, due largely to lower production of citrus. Declines also took place in per capita consumption of fish and eggs.

* Meat consumption the first half of 1964 likely will total about the same as a year earlier, but more beef and less pork are in prospect. Frost damaged tender winter vegetables; so supplies of such items as fresh snap beans, sweet corn, cucumbers, and tomatoes are reduced. The freeze did not materially affect the current citrus crop, but it is shorter than normal because of last winter's tree damage. Less supplies of both processed fruits and vegetables currently are on hand because of the reduced pack the past season.

* Retail food prices last year averaged 1½ percent higher than in 1962. The rise slightly exceeded the increase in the Consumer Price Index. Prices of food purchased in restaurants and other eating places rose at a faster rate than prices of food purchased in food stores. Prices of most animal food products sagged slightly last year, down an average of 1 percent from 1962. Meat was 2 percent lower, with pork down the most. Prices of food from crops rose an average of 4 percent last year. On a percentage basis sugar and sweets headed the list with an 8 percent rise, followed closely by fruits and vegetables, up an average of 6 percent. But increases in fruit prices accounted for most of the overall rise.

* Prospects this year point to a continued moderate increase in average retail food prices. Again, most price pressures are expected for crop rather than livestock food products. In the first half of the year, meat prices are expected to average about steady with the year-earlier period. But more than seasonal price firming is expected toward midyear. Higher prices in coming months are likely for fruits and vegetables -- particularly fresh vegetables -- and coffee, sugar, and sweets.

* The value of exports of farm products was up sharply in 1963. Compared with a year earlier, they were up only 2 percent during the first half, but they leaped 19 percent in July-November, for an 11-month increase of 9 percent. Wheat and flour exports accounted for the largest part of the increase, but all major categories of products participated. Reduced world production per capita stimulated demand for exports, particularly wheat. (See special article, The World Food Problem, p. 18, for an analysis of the long-term situation.)

* The value of imports of agricultural products rose too -- up 3½ percent in the first 8 months. Higher cane sugar prices accounted for most of the increase. Coffee remained the most important imported food item. Red meat imports in the first 11 months of the year were 15 percent larger (product weight) than in the same period a year earlier. Meat imports equaled 7 percent of U. S. production in the first 11 months of 1963, up from 6 percent a year earlier.

* Projections of food consumption to 1968 (special article, p. 24) point to increased per capita consumption of beef but less pork, reflecting changing preference patterns. More poultry consumption is projected, but the rate of increase is not as great as postwar trends to date. Further declines are anticipated for eggs and dairy products. Butter consumption is projected to decline, but cheese and ice cream are expected to be up. Fresh fruit and vegetable consumption is expected to decline slightly, but processed items are expected to continue rising. Cereal product consumption per capita is projected to decline slightly. Little change from 1963 is expected by 1968 in per capita consumption of potatoes and total fats and oils.

DEMAND FOR FOOD

A generally strong economy is continuing to buttress the demand for food. A population increase of around 1½ percent in 1963, coupled with an increase of about 3 percent in income per capita, provided the impetus for an increase in food store sales and consumption of food. Most of these trends will probably continue or accelerate during the first half of 1964. Stimulation can be expected if a tax cut is enacted during this period. A fairly immediate demand response may be expected if lower withholding rates accompany the tax cut.

Strength in the economy was progressive throughout 1963. The fourth quarter gross national product averaged $600 billion, seasonally adjusted annual rate. It totaled $585 billion for the year, up 5 percent from 1962. Industrial production, at 127 percent of the 1957-59 average in the final quarter of the year, averaged 5 percent higher for the year. The manufacture of foods, beverages, and tobacco as a group was up nearly 3 percent for the year. This index has increased about two-thirds as much as total industrial production since 1957-59. The 1962-63 increase about equaled the rise in food store sales and total food expenditures.

Total civilian employment increased 1.4 percent between 1962 and 1963, not quite as much as the rise in the labor force. Wages and salaries, which make up about two-thirds of personal income, rose 5 percent between 1962 and 1963. A 5-percent increase in disposable personal income provided the stimulus for a similar rise in total consumption expenditures. Food expenditures expanded a little more than half as fast as disposable income. Like expenditures for total nondurables, food expenditures rose strongly in the third quarter but only slightly in the final quarter of 1963.

FOOD EXPENDITURES

Total U. S. expenditures for food in 1963, at $75½ billion, exceeded 1962's total by a little less than 3 percent. The rise fell short of the 4 percent gain between 1961 and 1962, but exceeded the 2-percent increase in 1960-61. Population and price increases each accounted for nearly half of 1963's rise; the balance was due to a shift to consumption of higher-valued foods. Expenditures for food totaled about $400 per capita and took a little less than 19 percent of disposable personal income.

Retail food store sales in 1963 -- about $59 billion -- rose nearly 3 percent from a year earlier, less than 1962's 4 percent increase. It compares with a 5 percent increase in sales by all retail stores. Food store sales did not increase much within the year, after adjustment for seasonality. Fourth quarter sales exceeded those in the first quarter and in the final quarter of 1962 by only 2 percent. A strong uptrend was evident during 1962, so 1963 quarter-by-quarter comparisons with a year earlier showed stronger increases in the first quarter than later.

The 3 percent sales gain by total retail food stores was not evenly divided among types of food stores and sizes of firms operating these stores. Grocery store sales, accounting for about 90 percent of the total, increased 3 percent in the first 11 months of 1963 compared with the same period of 1962. But sales of fruit and vegetable markets increased at a much higher rate, reflecting higher prices. Sales of confectionery stores declined (table 3). Food stores operated by firms owning 1 to 3 stores increased only slightly, whereas sales of stores in 4 to 10 store chains increased sharply. Sales of the larger retail food chains increased at about the average rate of the total.

Table 3. Food store sales gains, by type of store and size of firm

Type and size	Percentage change, 11 months 1963 from 11 months 1962
	Percent
Food group	+3
By type of store:	
Grocery stores	+3
Meat markets	+2
Fruit stores, vegetable markets	+9
Candy, nut, confectionery stores	-5
Bakery products stores	+3
Delicatessen stores	+3
By size of firm:	
Operating 1-3 stores	+1
Operating 4-10 stores	+21
Operating 11 stores or more	+3

Derived from preliminary data from U. S. Department of Commerce, Bureau of the Census, Current Retail Trade Reports.

In April-November 1963, U. S. food store sales rose 3 percent from the same year-earlier period, not adjusted for seasonal variation. Sales in the South increased 4 percent. The East South Central portion of the South (from Kentucky to Mississippi) increased sales 9 percent. The West increased food sales only 1 percent while the Northeast and the North Central States equaled the U. S. average. Variations in sales increases probably reflect variations in income gains by regions.

Sales by eating and drinking places in 1963 totaled about $18 billion (nearly a third as large as total food store sales), or about 4 percent above those in 1962; they typically increase at a somewhat faster rate than food store sales. As in the case of food store sales, those made by eating and drinking places did not rise much during the year on a seasonally adjusted basis. Sales in the final quarter were 3 percent ahead of a year earlier.

Expenditures for U. S. Farm Foods

Expenditures for foods originating on U. S. farms and purchased by U. S. civilians totaled about $67 billion in 1963, an increase of 4 percent from 1962. About 32 percent of this total constituted the farm value, down 1 percentage point from 1962. (Farm value remained at $21 billion.) The total bill for marketing--processing, transporting, wholesaling, retailing, and catering--accounted for the remaining 68 percent ($46 billion). It was up 6½ percent from 1962.

About $6½ billion of the marketing bill is an estimate of the extra costs of marketing beyond the retail food store level; that is, by restaurants, hotels, institutions, and other eating places. The other $60½ billion is an estimate of the total retail cost in 1963 of all foods originating on U. S. farms and purchased by U. S. consumers. (This estimate assumed all such food was marketed at retail food store prices.)

About 28 percent of the total retail cost of $60½ billion in 1963 went for meat products, 22 percent for fruits and vegetables, 17 percent for dairy products, 14 percent for bakery and cereal products, and 8 percent for poultry and eggs. No estimate is made by commodity for the cost of marketing food through restaurants and other eating places so these percentages do not represent portions of total expenditures for food originating on U. S. farms. Nor do they coincide with breakdowns of food store sales, which include imported food and seafood but only a portion of total food sold together with sales of many nonfood items (see National Food Situation, November 1963).

FOOD CONSUMPTION PER CAPITA

Total food use takes about three-fourths of the total new supply (production plus imports) of U. S. farm products each year; nonfood use accounts for a tenth, and the remainder is exported (table 4, Section a). About seven-eighths of this total is produced in the United States; the rest is imported. This pattern has changed little in recent years. Some increase has taken place

Table 4.--Index of net supply-utilization of farm commodities, 1947-49 and 1957-59 averages, and 1950-63 1/

Year	Net production 2/	Net imports 3/	Stock change 4/	Net utilization	Domestic use			Exports and shipments
					Food		Net nonfood 6/	
					Civilian	Military 5/		
			Section a. Percentage of net utilization in each year					
1947-49	91.4	11.5	-2.9	100.0	75.1	3.3	13.2	8.4
1957-59	90.2	11.6	-1.8	100.0	76.0	1.4	10.9	11.7
1950	87.3	12.4	.3	100.0	75.2	1.7	14.2	8.9
1951	85.4	11.6	3.0	100.0	72.7	3.4	13.3	10.6
1952	91.6	11.6	-3.2	100.0	75.8	2.5	12.5	9.2
1953	92.9	12.0	-4.9	100.0	77.0	2.3	12.7	8.0
1954	93.5	10.6	-4.1	100.0	77.5	2.0	11.6	8.9
1955	93.0	11.0	-4.0	100.0	77.1	1.7	11.9	9.3
1956	90.1	10.8	-.9	100.0	75.3	1.6	11.5	11.6
1957	88.4	10.7	.9	100.0	75.0	1.4	10.7	12.9
1958	93.2	11.4	-4.6	100.0	76.6	1.5	10.8	11.1
1959	89.4	12.7	-2.1	100.0	76.1	1.4	11.3	11.2
1960	90.5	11.6	-2.1	100.0	74.4	1.2	10.6	13.8
1961	87.8	12.1	.1	100.0	74.5	1.4	10.5	13.6
1962	88.1	12.9	-1.0	100.0	74.7	1.4	10.7	13.2
1963 7/	88.4	12.8	-1.2	100.0	74.4	1.3	10.5	13.8
			Section b. Percentage of net utilization in 1957-59					
1947-49	78.0	9.8	-2.5	85.3	64.0	2.8	11.3	7.2
1957-59	90.2	11.6	-1.8	100.0	75.9	1.4	10.9	11.8
1950	76.2	10.8	.3	87.3	65.6	1.5	12.4	7.8
1951	76.6	10.4	2.7	89.7	65.2	3.0	12.0	9.5
1952	81.5	10.3	-2.8	89.0	67.5	2.3	11.1	8.1
1953	83.6	10.8	-4.4	90.0	69.3	2.1	11.4	7.2
1954	84.9	9.6	-3.8	90.7	70.3	1.8	10.5	8.1
1955	88.1	10.4	-3.8	94.7	73.1	1.6	11.2	8.8
1956	90.2	10.8	-.9	100.1	75.4	1.6	11.5	11.6
1957	88.4	10.8	.9	100.1	75.1	1.4	10.7	12.9
1958	91.2	11.1	-4.4	97.9	75.0	1.4	10.6	10.9
1959	91.2	12.9	-2.1	102.0	77.7	1.4	11.5	11.4
1960	95.6	12.3	-2.2	105.7	78.6	1.3	11.2	14.6
1961	94.4	13.0	.1	107.5	80.2	1.5	11.2	14.6
1962	95.8	14.0	-1.1	108.7	81.2	1.5	11.7	14.3
1963 7/	100.0	14.5	-1.4	113.1	84.1	1.5	11.9	15.6

1/ The term "net" in this table means that commodities used for feed and seed are excluded to avoid double counting. Developed from quantitative data on supply and use of processed and unprocessed farm products, valued in terms of farm prices (1947-49 prices prior to 1955; 1957-59 prices thereafter). For description of basic procedure see Agriculture Handbook No. 91, Measuring the Supply and Utilization of Farm Commodities. 2/ Excludes feed and seed used from domestic production. 3/ Excludes imports for seed and feed use. 4/ Includes farm and commercial stocks and holdings under Government programs. Negatives indicate increases in stocks from beginning to end of year;positives signify withdrawals from stocks. 5/ Includes civilian feeding in areas occupied by our Armed Forces. 6/ Excludes feed and seed; includes some waste and loss at farm level. 7/ Preliminary.

in exports--pronounced in 1963--and a decline has occurred in the proportion used for nonfoods. But for many years civilian food used has remained between 74 and 78 percent of the total annual net supply.

Nevertheless, total net farm output, imports, exports, and civilian food use each have increased historically (table 4, Section b). A larger than usual increase in output and food use took place between 1962 and 1963. The growing U. S. population has absorbed nearly all the increase in food use over the years. Food consumption per capita has risen slowly, up 4 percent since 1947-49 (on a retail price-weighted index number basis, table 2). A half of percent increase in 1963 represents a larger than usual rise in the index. (See cover chart for 1963 per capita consumption of major food groups.)

Animal Food Product Consumption Up

The 1963 increase in per capita food consumption was centered in livestock food products; consumption of food from crops declined. Meat consumption increased 4 percent per capita, due mostly to a 6-pound increase in beef consumption (table 5). Pork consumption rose more than 1 pound per capita. In the first half of this year, beef consumption is expected to exceed slightly the year-earlier level, but pork and lamb consumption likely will be down slightly. On balance, meat consumption is expected to be about the same as in last year's first half.

Consumption of chicken increased about 1 pound per capita in 1963; turkey consumption was down slightly. The overall increase in poultry consumption was small compared with the average postwar rise. Both chicken and turkey supplies currently are running above year-earlier levels; consumption of each is expected to increase for the year. Egg consumption per capita last year was down about $2\frac{1}{2}$ percent from 1962, slightly more than the average in the last decade. Some further decline is expected this year.

Fish consumption in 1963, at about 10 pounds per capita, was down slightly from 1962. Yearend frozen stocks were larger than at the end of 1962, but except for pink salmon and shrimp, canned stocks were smaller as a result of reduced 1963 packs.

Per capita consumption of total dairy products (milk equivalent) in 1963 was nearly the same as 1962. Butter and evaporated milk continued their previous declines. Increases were noted in cheese, ice cream and fluid low-fat products. Milk production currently is about steady with year-earlier rates. For the year, per capita consumption of total dairy products may decline slightly.

Consumption of Foods From Crops Down

Fats and oils (including butter and lard) consumption per capita in 1963 remained the same as in 1962. Declines that took place in butter and lard were offset by increases in vegetable oil products. This year, about 46 pounds of

Table 5.--Apparent civilian per capita consumption of major food commodities, primary distribution weight, calendar years, 1947-49 and 1957-59 averages, 1960-63, with percentage comparison 1/

Commodity	Average 1947-49	Average 1957-59	1960	1961	1962	1963 Preliminary	1963 as a percentage of 1947-49	1963 as a percentage of 1957-59	1963 as a percentage of 1962
	Pounds	Pounds	Pounds	Pounds	Pounds	Pounds	Percent	Percent	Percent
Meats (carcass weight) - Total	148.5	156.6	161.4	161.0	163.7	170.6	115	109	104
Beef	65.6	82.1	85.2	88.0	89.1	95.2	145	116	107
Veal	9.7	7.1	6.2	5.7	5.5	5.0	52	70	91
Lamb and mutton	4.8	4.4	4.8	5.1	5.2	4.9	102	111	94
Pork (excluding lard)	68.4	63.0	65.2	62.2	63.9	65.5	96	104	102
Fish (edible weight) - Total	10.5	10.5	10.3	10.7	10.5	10.2	97	97	97
Fresh and frozen	6.0	5.8	5.7	5.9	5.7	2/	---	---	---
Canned 3/	3.9	4.1	4.1	4.3	4.3	2/	---	---	---
Cured	.6	.6	.5	.5	.5	2/	---	---	---
Poultry products									
Eggs (farm basis) - Number	385	356	334	326	324	316	82	89	98
Chicken (ready-to-cook)	18.7	27.5	28.2	30.3	30.1	31.1	166	113	103
Turkey (ready-to-cook)	3.3	6.0	6.2	7.5	7.1	6.7	203	112	94
Dairy products									
Total milk fat solids	29.5	25.6	24.5	24.0	23.8	23.7	80	93	100
Total nonfat milk solids	42.9	44.1	43.9	43.2	43.1	43.1	100	98	100
Cheese	7.0	7.9	8.4	8.6	9.1	9.4	134	119	103
Condensed and evaporated milk	20.1	14.8	13.8	13.3	12.5	11.7	58	79	94
Fluid milk and cream	359	337	325	314	311	311	87	92	100
Ice cream (product weight)	18.7	18.4	18.3	18.0	17.9	18.2	97	99	102
Fats and oils - Total, fat content 4/	42.4	45.3	45.4	45.3	45.8	45.8	108	101	100
Butter, farm and factory (actual weight)	10.6	8.2	7.5	7.4	7.2	6.9	65	84	96
Margarine (actual weight)	5.6	8.9	9.4	9.5	9.3	9.3	166	104	100
Lard	12.4	9.3	7.7	7.7	7.2	6.5	52	70	90
Shortening	9.6	11.4	12.6	12.8	13.5	13.5	141	118	100
Other edible fats and oils	7.3	10.8	11.5	11.2	12.7	12.8	175	119	101
Fruits									
Fresh (farm weight) - Total	132.1	98.8	97.5	92.0	89.0	81.8	62	83	92
Citrus	54.8	33.5	33.3	30.4	29.0	21.9	40	65	76
Apples (commercial)	25.5	21.6	20.1	18.6	19.5	18.7	73	87	96
Other (excluding melons)	51.8	43.7	44.1	43.0	40.5	41.2	80	94	102
Processed:									
Canned fruit	18.9	22.5	22.9	23.5	23.1	22.2	117	99	96
Canned juice	15.9	13.8	13.9	13.1	13.3	14.0	88	101	105
Frozen (including juices)	3.2	8.6	9.1	8.9	9.7	7.9	247	92	81
Dried	3.9	3.3	3.1	3.1	3.0	3.3	85	100	110
Vegetables									
Fresh vegetables and melons (farm weight) 5/	147.9	129.4	131.7	129.9	126.7	128.0	87	99	101
Fresh vegetables	120.5	104.3	106.0	105.1	103.4	103.3	86	99	100
Melons	27.4	25.1	25.7	24.8	23.3	24.7	90	98	106
Canned	39.1	44.5	44.5	44.7	46.4	46.7	119	105	101
Frozen	2.9	8.2	9.8	10.0	11.6	12.1	417	148	104
Potatoes (farm weight) 6/	114	103	102	102	99	100	88	97	101
Sweetpotatoes (farm weight) 6/	12.6	7.2	6.3	5.6	6.6	5.7	45	79	86
Dry edible beans	6.7	7.7	7.3	8.0	7.9	7.2	107	94	91
Sugar, refined	95.2	96.1	97.6	97.8	97.2	96.4	101	100	99
Grains									
Corn products: Cornmeal	12.9	7.7	7.4	7.2	7.0	6.8	53	88	97
Corn sirup	9.9	9.4	10.2	10.6	11.5	12.3	124	131	107
Cornstarch	1.8	1.9	1.8	1.8	1.8	1.8	100	95	100
Corn sugar	4.2	3.6	3.7	3.7	3.9	4.4	105	122	113
Breakfast cereals	1.5	1.8	1.8	1.8	1.8	1.8	120	100	100
Hominy	2.8	2.9	3.0	3.0	3.0	3.0	107	103	100
Oat food products	3.3	3.5	3.5	3.5	3.5	3.5	106	100	100
Barley food products 7/	1.6	1.0	1.0	1.0	1.0	1.0	62	100	100
Wheat:									
Flour 8/	137	120	118	118	115	115	84	96	100
Breakfast cereals	3.2	2.8	2.7	2.7	2.6	2.6	81	93	100
Rye flour	1.4	1.2	1.2	1.1	1.1	1.1	79	92	100
Rice, milled	4.9	5.6	5.9	5.9	6.2	6.4	131	114	103
Beverages									
Coffee 9/	18.2	15.8	15.8	15.9	15.9	15.6	86	99	98
Tea	.58	.60	.60	.60	.68	.68	117	113	100
Cocoa beans	4.1	4.0	4.1	4.4	4.1	4.0	98	100	98
Peanuts (shelled)	4.4	4.6	4.9	4.9	5.0	5.0	114	109	100

1/ Quantity in pounds except for eggs which are stated in number. Data on calendar year basis except for dried fruits, which are on pack year basis; fresh citrus fruits, dry field peas, and peanuts on a crop year basis and rice on August 1 year. All years begin in the year indicated except for fresh citrus, which begins in October of the previous year, and rice, which begins in August of previous year. Data for Alaska and Hawaii are not incorporated except in fish statistics. 2/ Not available. 3/ Excludes canned food products containing small quantities of fish, such as clam chowder, etc. 4/ Computed from unrounded data. 5/ This series covers total commercial production for sale as fresh, both for shipment to distant markets and for local markets. Excludes farm garden output for farm household use. 6/ Quantities canned and frozen excluded; included with processed vegetables. 7/ Barley used for food products in terms of malt equivalent. 8/ Includes white, whole wheat, and semolina flour. 9/ Green bean basis.

Population estimates used to obtain per capita consumption figures are official Census estimates of civilian population for 48 States, except for fish statistics.

edible fats and oils (fat content) is expected to be consumed, about the same as last year and in recent years. More margarine and cooking and salad oils but less lard, shortening and butter are expected to be used.

Consumption of fresh fruit declined about 7 percent per capita in 1963. Large decreases occurred in citrus because of last winter's freeze damage. Consumption of fresh apples dropped about 1 pound per capita last year. Fresh supplies of both citrus and apples currently are larger than a year earlier, so consumption likely will be higher in the first half of 1964. But stocks of pears and grapes are down sharply. Smaller supplies of most canned fruits are in prospect during the first half of the year. The canned peach pack during the past season was a little larger than a year earlier, but the packs of many fruits were down substantially. For the year, fruit consumption per capita may rise slightly, assuming larger crops of deciduous tree fruits.

Processed vegetable consumption per capita was up slightly in 1963, but fresh vegetables held about steady. Nearly all fresh vegetable supplies are smaller this winter than a year earlier because of freeze damage to the early crop. Supplies of snap beans, sweet corn, tomatoes, and some other tender vegetables were cut. Supplies of potatoes are slightly smaller; sweetpotatoes are down substantially. Canned vegetable supplies are moderately smaller than a year earlier, but those frozen are about equal to a year earlier.

Per capita consumption of wheat, oats, and barley food products in 1963 averaged about the same as a year earlier. No significant changes are foreseen this year despite possible declines in the price of wheat. Corn food product consumption, which had been declining historically with cornmeal consumption, has risen in recent years because of increased use of corn sugar and sirup. Largely in response to rising sugar prices, corn sirup consumption per capita in 1963 rose 7 percent from a year earlier and corn sugar rose 13 percent.

Per capita consumption of cane and beet sugar apparently decline slightly in 1963. Aside from large increases for corn sugar and sirup, food use of noncaloric sweeteners probably rose sharply last year. As a result, per capita consumption of sugar and alternative sweeteners increased in total. Use of noncaloric sweeteners in canned goods and soft drinks may be increasing the total demand for sugar and sweeteners.

Per capita consumption of coffee in 1963 totaled about 15½ pounds (green bean equivalent), down 2 percent from 1962. Consumption has dropped about a pound in the last decade and is down from a high of 20 pounds per capita in 1946.

RETAIL FOOD PRICES

Retail food prices averaged 1½ percent higher in 1963 than in 1962 (table 9). The increase was fractionally greater than the increase in the Consumer Price Index, which rose slightly more than 1 percent. Prices of food purchased and consumed away from home rose an average of 2 percent and were responsible for the all-food index rising more than the CPI. Prices of food purchased for use at home increased the same proportion as the CPI. Food prices this year are

expected to work upward about the same amount, on the average, as they did in 1963. Prices of food away from home are again expected to rise faster than prices of food at home. Most of the increase is expected in prices of foods from crops, as in 1963.

Retail food price increases in 1963 contrasted with stable prices of wholesale processed food and lower farm prices. The BLS wholesale price index for processed foods averaged about the same as in 1962. Sharply higher prices were in effect for canned and frozen fruits and vegetables and for sugar and confectionery products. Lower prices prevailed for meat and poultry. Two percent higher wholesale food prices in the final quarter of 1963 than in the first, after adjustment for seasonality, may indicate rising retail food prices in the first half of 1964. BLS wholesale prices for farm products in 1963 were down 2 percent from 1962, more than the 1 percent decline in USDA's index of all prices received by farmers. The farm-retail price spread of a fixed quantity (market basket) of foods originating on U. S. farms was 4 percent wider in the final quarter of 1963 than the same quarter in 1962.

Animal Food Product Prices Declined

Retail prices of livestock food products during 1963 declined an average of 1 percent from 1962. Prospects for the current year suggest about steady prices through midyear, with perhaps some price firming in the last half.

Red meat and poultry prices each averaged about 2 percent lower for the year. Red meat prices averaged 2 percent higher than the year-earlier period in the first quarter of 1963, but dipped to 2 percent lower in the second and third quarters and to 4 percent lower in the final quarter when supplies of both pork and beef were heavy. Prices of frying chickens drifted generally lower throughout most of 1963. For the year, prices of red meat were within 1 percent of their 1957-59 average, but chicken prices were down more than 10 percent.

Red meat prices at retail are expected to average about the same as a year earlier during the first half of 1964. However, steady to strong prices are expected this year, in contrast to a declining trend a year ago. Low beef prices during the final quarter of 1963 are expected to continue through the first quarter of 1964, but some firming may occur in the second quarter. Pork prices are expected to average near last year's level in the first half of the year, but prices may rise seasonally toward midyear. Retail prices of frying chickens in the first part of the year are expected to be up slightly from the end of last year but below year-earlier levels.

Fish averaged about the same in 1963 as in 1962. But prices weakened slightly through the year, in contrast to an uptrend in recent years. Prices in 1963 averaged about 10 percent above the 1957-59 average. This year, average fish prices are expected to strengthen slightly. Canned salmon and tuna prices are running well under year-earlier levels but are expected to move up from depressed levels of the final months of 1963.

Dairy product prices averaged nearly the same in 1963 as a year earlier. Prices advanced slightly within the year, after adjustment for seasonal variation. The average for 1963 exceeded the 1957-59 average by 4 percent. Retail prices of dairy products are expected to average slightly higher than a year earlier in the first quarter of the current year and to remain higher through the rest of the year. Prices of dairy products normally reach their low point about June and then rise slightly into the fall months.

Egg prices averaged 1 percent higher in 1963 than in 1962. On a seasonally adjusted basis, prices were higher than typical during the first half of the year but lower during the last half. Egg prices are expected to continue below a year earlier through the first half of 1964.

Prices of Food From Crops Higher

Contrary to price trends for livestock food products, most retail prices of foods from crops increased between 1962 and 1963. This year likely will see a continuation of higher average prices of foods from crops, particularly during the first half. But this year's increase is expected to total only about half of 1963's 4 percent gain.

The yearly average price of fats and oils (excluding butter) dropped 3 percent between 1962 and 1963. Last year's price was down 4 percent from the 1957-59 average. Shortening (other than lard) declined during most of the year and averaged 6 percent lower. Margarine prices were down 3 percent, but prices of salad dressing and peanut butter averaged about unchanged from 1962. Average retail prices for fats and oils are expected to trend slightly downward in 1964. Lower prices are anticipated for soybean, cottonseed, corn, and peanut oils.

Prices for fruits and vegetables increased 6 percent between 1962 and 1963, due almost entirely to increases in prices of fruits, particularly fresh fruits, Fresh citrus prices were sharply higher because of severe freeze-damage in 1962-63. Retail prices of oranges, lemons, and grapefruit were about a third to a half above the previous year during the spring and summer of 1963. Other fresh fruit prices also were higher -- especially for pears, apples, grapes, and peaches. Many fresh vegetables sold at lower prices during much of 1963 but seasonal variations were pronounced, as usual. Potato prices averaged somewhat higher for the year, but sweetpotato prices were lower, at least in the first half of the year. Canned and frozen fruit and vegetable prices averaged higher in 1963 than in 1962, particularly late in the year. Marked increases were evident for processed citrus juices.

Fresh vegetable and sweetpotato prices this winter are expected to exceed levels of a year earlier, due to winter freeze damage and a smaller crop of sweetpotatoes. Slightly higher prices also are likely for many canned vegetables, but prices of potatoes and frozen vegetables are expected to average near year-earlier levels in the next few months.

Most fresh and processed fruit prices are expected to remain at high levels in the next few months. Prices of most fresh deciduous fruits probably will average higher than a year earlier during the winter and early spring, but fresh citrus prices may not exceed last year's high levels. Prices of canned fruits are expected to be steady to higher by mid-1964, reflecting a lower 1963-64 pack. Continued high prices are expected for most fruit juices in coming months.

Cereal and bakery products averaged about 1 percent higher in 1963 than in 1962, but they lacked their usual steady uptrend within the year. Corn flakes averaged 4 percent higher and bread prices were up about 2 percent for the year. Prices likely will trend slightly upward this year, renewing their long-term trend. Most of the cost of bread and other bakery products consists of processing, distribution, and marketing services. So retail prices may trend upward despite expected lower prices for wheat.

Retail sugar prices also were higher in 1963. They began the year at about the level of the previous year and reached a high point near midyear. A substantial decline occurred in the third quarter, but a second rise began late in the year. Yearend prices were well above those of December 1962. Cola drink prices rose substantially following the increase in sugar prices and remained about a tenth higher through the final quarter of the year. Chocolate bar prices, reflecting both sugar and cocoa prices, also rose in final months of 1963. Retail prices of sugar and sweets averaged 8½ percent higher for the year. Prices of sugar and sweets are expected to rise in the first half of this year from fourth quarter 1963 levels.

Non-alcoholic beverage prices in the first half of 1963 averaged about steady with the same year-earlier period, but later began rising. Roasted coffee prices were 2-3 percent below a year earlier though the first 3 quarters, but then began rising. Several successive wholesale price increases were announced through January of this year. For the year, coffee averaged slightly below 1962 and about a fifth below the 1957-59 average. Instant coffee prices averaged slightly higher than in 1962. Tea prices were up about 1 percent. High wholesale prices for coffee have only partly been reflected at retail. It appears fairly certain that retail prices will continue working upward in coming months. However, instant coffee prices are not expected to follow increases in canned and bagged coffee.

City Food Prices Differ

Wide variations have taken place in food price trends in the 10 major cities (table 6). Cities that have experienced the larger increases in food prices generally have been those that have had the greater increases in the Consumer Price Index. Comparing 1963 with 1962, above average food price increases were found in New York -- up over 2 percent -- St. Louis, and Los Angeles. But food prices advanced only half of 1 percent in Detroit and Chicago. Since 1957-59, food prices have risen the most rapidly in New York and Los Angeles -- up 7 percent -- and the least in Detroit -- up only 1½ percent.

Table 6.--Retail food price indexes and Consumer Price Index, 1963 annual averages and percentage changes from 1962, U. S. average and 10 major cities

(Indexes, 1957-59=100)

Group	U. S. average, 46 cities	Atlanta	Baltimore	Chicago	Cincinnati	Detroit	Los Angeles	New York	Philadelphia	St. Louis	San Francisco
Consumer Price Index	106.7	105.1	106.8	105.3	104.7	103.2	108.2	108.7	107.2	106.2	108.9
Food	105.1	103.8	104.7	105.8	102.9	101.5	107.1	107.1	104.2	104.9	106.8
Food at home	103.5	103.3	102.0	105.1	101.4	100.4	104.6	104.4	102.3	102.7	104.7
Cereals and bakery products	109.1	104.5	111.7	109.7	105.6	103.2	117.6	112.0	105.2	106.3	110.5
Meats, poultry, and fish	100.2	99.8	98.8	102.3	99.7	97.3	97.4	101.8	98.0	100.3	101.8
Dairy products	103.8	102.0	98.4	110.6	101.6	104.9	108.0	101.9	103.1	103.2	106.5
Fruits and vegetables	111.0	110.6	107.9	109.1	110.0	104.4	116.4	113.5	111.2	109.6	114.1
Other foods at home	97.8	102.7	98.5	99.0	94.8	96.1	93.2	97.4	98.7	98.0	95.4
	Percent change from 1962 to 1963 1/										
Consumer Price Index	1.2	1.0	1.5	.7	1.1	1.0	1.5	2.2	1.9	1.0	1.4
Food	1.4	.8	1.4	.5	1.0	.4	1.5	2.1	1.1	1.8	1.3
Food at home	1.3	.9	1.1	.4	.6	.2	1.1	2.0	.7	1.1	1.1
Cereals and bakery products	1.4	.4	3.8	-.5	-1.7	-1.5	1.3	3.0	0	1.4	3.4
Meats, poultry, and fish	-1.5	-2.3	-2.4	-1.8	-2.1	-1.6	-1.8	-.5	-2.8	-1.3	-.4
Dairy products	-.3	-.9	-.9	.6	0	-2.1	1.0	-1.5	.4	.3	.2
Fruits and vegetables	5.7	6.1	5.1	3.2	7.8	5.1	4.6	9.0	6.7	4.6	1.1
Other foods at home	1.8	2.0	1.8	1.3	.5	1.3	1.3	1.6	1.2	2.0	1.7

1/ Computed by Economic Research Service.

Source: Bureau of Labor Statistics.

Price trends by food product groups also varied sharply by cities. The price decline for meats, poultry, and fish between 1962 and 1963 was less than the U. S. 46-city average in New York and San Francisco but the decline was deeper in Philadelphia and Baltimore. Dairy product prices, nearly steady on the average, declined 2 percent in Detroit but rose 1 percent in Los Angeles. Average fruit and vegetable prices rose sharply in most of the 10 major cities between 1962 and 1963. They went up 9 percent in New York and 8 percent in Cincinnati but were up only 1 percent in San Francisco. Cereal and bakery products varied from a decline of 2 percent in Cincinnati to a rise of 4 percent in Baltimore. (Note: Price indexes are useful in making comparisons of price changes within cities, but cannot be used in comparing price levels among them.)

FOREIGN TRADE

Agricultural Exports

Exports of agricultural products increased sharply in the last half of 1963. Total value of exports in November showed a 27 percent increase over November 1962. For July-November the increase was 19 percent over the same 5 months of 1962. Exports the first 6 months of 1963 increased only 2 percent over those the first half of 1962. Together, the 11 months showed an increase of 9 percent.

The greatest increase in exports in July-November was in shipments of wheat and flour, up 42 percent in quantity compared with the same months in 1962. The value of exports of wheat and flour accounted for nearly one-fourth of total agricultural exports in this period. Cotton exports, the second largest item, were up nearly as much as wheat, 39 percent. Reduced foreign production and stocks are aiding the sale of the U. S. record 1963 crop. Exports of animal products were up 25 percent as was its meat and meat products component.

Exports of agricultural products in the first 11 months of 1963, totaled $5.0 billion, up from $4.6 billion in the same period of 1962. Substantial gains took place for dairy products, animal fats, and meat products. A large part of the increase in dairy products reflected large exports of CCC butter. The increase in meat products consisted largely of pork to Canada and variety meats to Western Europe. Exports of total animal products rose by 12 percent compared with an increase of 9 percent for total grain products and 11 percent for oilseeds and products.

Strong economic activity abroad and reduced world production of total agricultural products per capita, particularly wheat, point to continued strong export demand for U. S. products at least through midyear. Major gains can be expected in exports of wheat, cotton, soybeans, dairy products, and vegetable oils. This year's sharply higher world demand for U. S. products is due largely to adverse weather conditions in major parts of the world. However, it is consistent with emerging long-term trends. (See the World Food Problem, p. 18). World per capita agricultural output reached a postwar high in 1958.

Since then, stability or decline has characterized the trend, on a per capita basis. Population increases more than offset an increase of 7 percent in world output in the last 5 years. Per capita output declined 4 percent during this period. This trend for the world has been contrary to rising farm output in the United States. It has created pressures for expanded world trade that are likely to continue into later decades.

Imports of Agricultural Products

The total value of imports of agricultural products in January-August 1963 exceeded the same months of 1962 by 3½ percent. The value of imported products that are essentially noncompetitive with U. S. products declined 4 percent during this period. This group includes coffee, the single most important imported item, bananas, and cocoa beans, among others. The value of imported agricultural products that are competitive with those domestically produced increased 10 percent. Cane sugar is the major item in this group. Its 26 percent increase was attributed mostly to the price rise. The value of crop imports rose 13 percent in the 8-month period compared with 7 percent for total animal products. Because of a change in classification of import statistics, comparable data after August 1963 are not yet available.

In the first 11 months of 1963, imports of red meat were 15 percent larger than in January - November, 1962. The largest percentage increase was in lamb imports that increased from 11.6 million to 17.3 million pounds (product weight). Lamb accounted for only 1.3 percent of total red meat imports. Mutton imports were more than 3 times as large as lamb imports; they increased 10 percent in January - November. Beef and veal constituted four fifths of total red meat imports in the 11-month period.(product weight); four-fifths of total beef and veal was fresh and frozen boneless beef and veal. Beef and veal imports increased to 1,019 million pounds, up from 862 million -- 18 percent -- compared with the year-earlier period. 1/ Pork imports, at 15 percent of the total, increased only 4 percent. Total meat imports (carcass weight equivalent) equaled 7 percent of U. S. meat production in the first 11 months of 1963, up from 6 percent a year earlier.

1/ For an analysis of the beef import situation and its effects on domestic livestock markets, see "The Import Situation for Beef and Veal," The Livestock and Meat Situation, LMS-134, November 1963, reprinted as ERS-150.

THE WORLD FOOD PROBLEM 1/

The Problem

The world food problem can be summarized briefly: The population of the world is expanding at an increasing rate. Disease and death rates have declined rapidly in recent decades; so despite 2 world wars, world population has doubled since 1900. By the year 2000, population again is expected to double. The total food supply in the world remains unevenly distributed. Despite a decade and a half of aid programs, such as Food For Peace, wide differences in food consumption exist among various peoples. Such variations are associated with income distribution and land availability and productivity. A limited supply of arable land results in a decline in the land-man ratio as population expands. Such a decline suggests the possibility of higher production costs in meeting future food requirements. These rising costs may be mitigated, but probably not eliminated, by improving and adopting new technology.

Growing Population

World population at the time of Christ is estimated to have been about 250 million. It took about 15 centuries to double the population and another 3 centuries to redouble it. The world has continued on an exponential growth curve; currently, world population is around 3 billion. It grew 17 percent in the 1950-60 decade compared with $8\frac{1}{2}$ percent in 1900-10; it is expected to expand 22 percent in the final decade of this century.

Total population growth in the regions currently classed as less developed (Africa, Asia, and Latin America) is expected to amount to almost 4 billion people during this century. This growth compares with a total addition of less than 800 million in the developed regions. In terms of relative increase, population is expected to multiply fivefold in the less developed but only two- or threefold in the developed regions. As of 1960 only 1 of the expected 4 billion total in the less developed region had been added, thus reserving the impact of this phenomenal growth in numbers for the closing decades of this century.

World Food Consumption

Average diets vary greatly among the 7 major geographic regions of the world (fig. 1). The share of total calorie intake derived from starchy foods (grain products, roots, and tubers) varies from 24 percent in North America to 75 percent in Asia. Similar data for livestock products range from 35 percent in Oceania (Australia and New Zealand) to 4 percent in Asia.

Within the Soviet Bloc the share of calories contributed by the starchy food group amounts to over one-half in every country, ranging from 51-52 percent in East Germany and Czechoslovakia to 67 percent in USSR and 74 percent

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1/ Adapted by Stephen J. Hiemstra from Man, Land, & Food, Foreign Agricultural Economic Report No. 11, ERS, USDA, Nov. 1963 by Lester R. Brown.

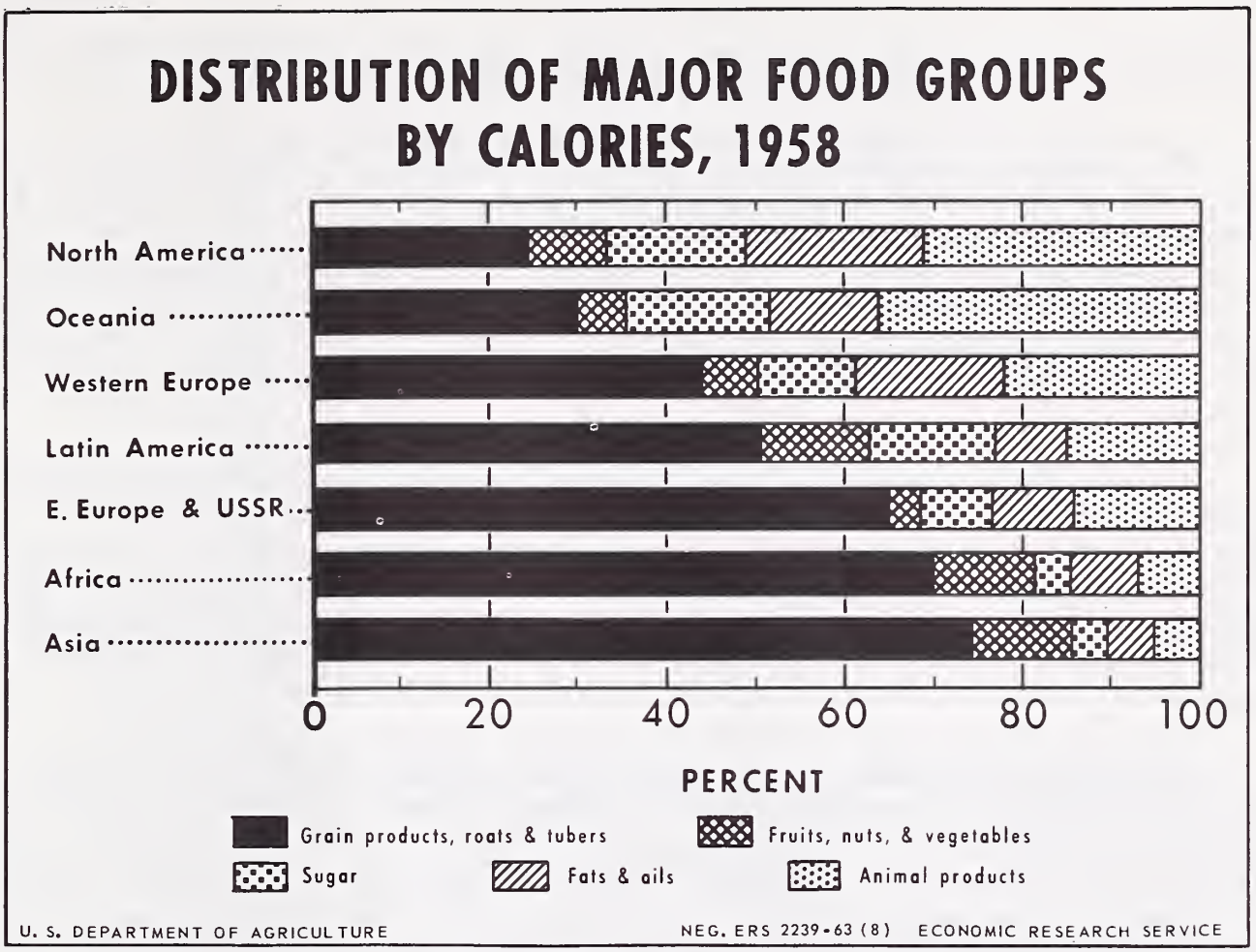

Figure 1

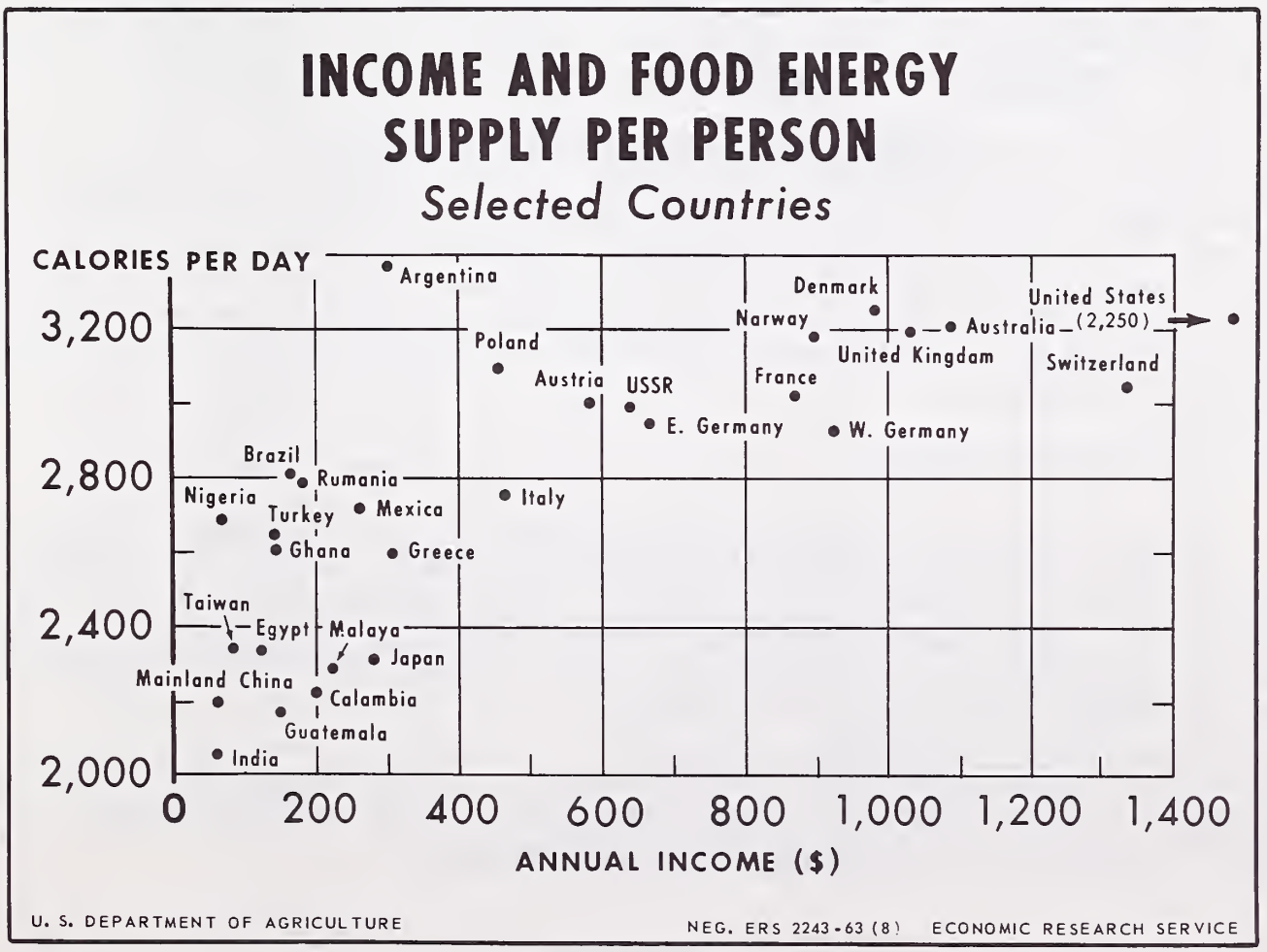

Figure 2

in Bulgaria. Most of the countries in Latin America and many in Africa have a better distribution among the food groups than do the Bloc countries.

The Regional Analysis Division of ERS has made estimates, based upon measures of calories and major food components, that show large numbers of people in the world are poorly fed. In 1958, 36 countries had average energy supplies below recommended levels. A total of 79 percent of the population in the less developed regions of Asia, Africa, and Latin America lived in countries having these low-energy supply levels. It totaled 56 percent for the entire world. These data are based on country averages; wide variations exist within countries.

Income levels influence both the quantity and quality of food consumption in various parts of the world. Where per capita income is low, the food energy supply per person is also low (fig. 2). However, the income effect on calories is apparent only over the lower range of income levels. Our chart, based on 1958 data, suggests that above about $500 per capita income, little or no further increase in calorie consumption takes place with further increases in income.

However, shifts among foods take place at higher levels of income. The share of calories from starchy foods declines rather consistently with increases in income, by countries. Conversely, the intake of protein generally rises with income. Because of its higher cost, the consumption of animal protein shows a much closer relation with income than does all protein (fig. 3, based on 1958 data). The principal exception is Argentina with a relatively low income but an animal protein supply per capita almost equal to that of Australia and the United States and well above many countries with much higher incomes. Argentinas' high land-man ratio fosters high meat production and consumption.

These food consumption shifts accompany changes in the level of food expenditures relative to income (fig. 4). 2/ Even though the quality of the diet is higher in the developed countries, proportionately less is spent for food than in the less developed countries. In many less developed countries even subsistence level diets require the expenditure of over half of total income. These figures imply an income elasticity of demand for food (particularly in terms of expenditures) much higher in many parts of the world than in the United States.

Food Production and Trade

Man's principal sources of food energy are rice and wheat. These foods supply 21 and 20 percent respectively of total calorie intake. All grains combined supply 53 percent of the total. Grains consumed indirectly in the form of meat, milk, eggs, and animal fat account for a substantial part of the remaining 47 percent. For this reason grain production is the largest single item indicative of the world food supply.

2/ Figure 4 shows 1958 food expenditures as a proportion of total expenditures (20 percent for the United States in 1963) rather than as a percentage of total income (19 percent in the United States in 1963).

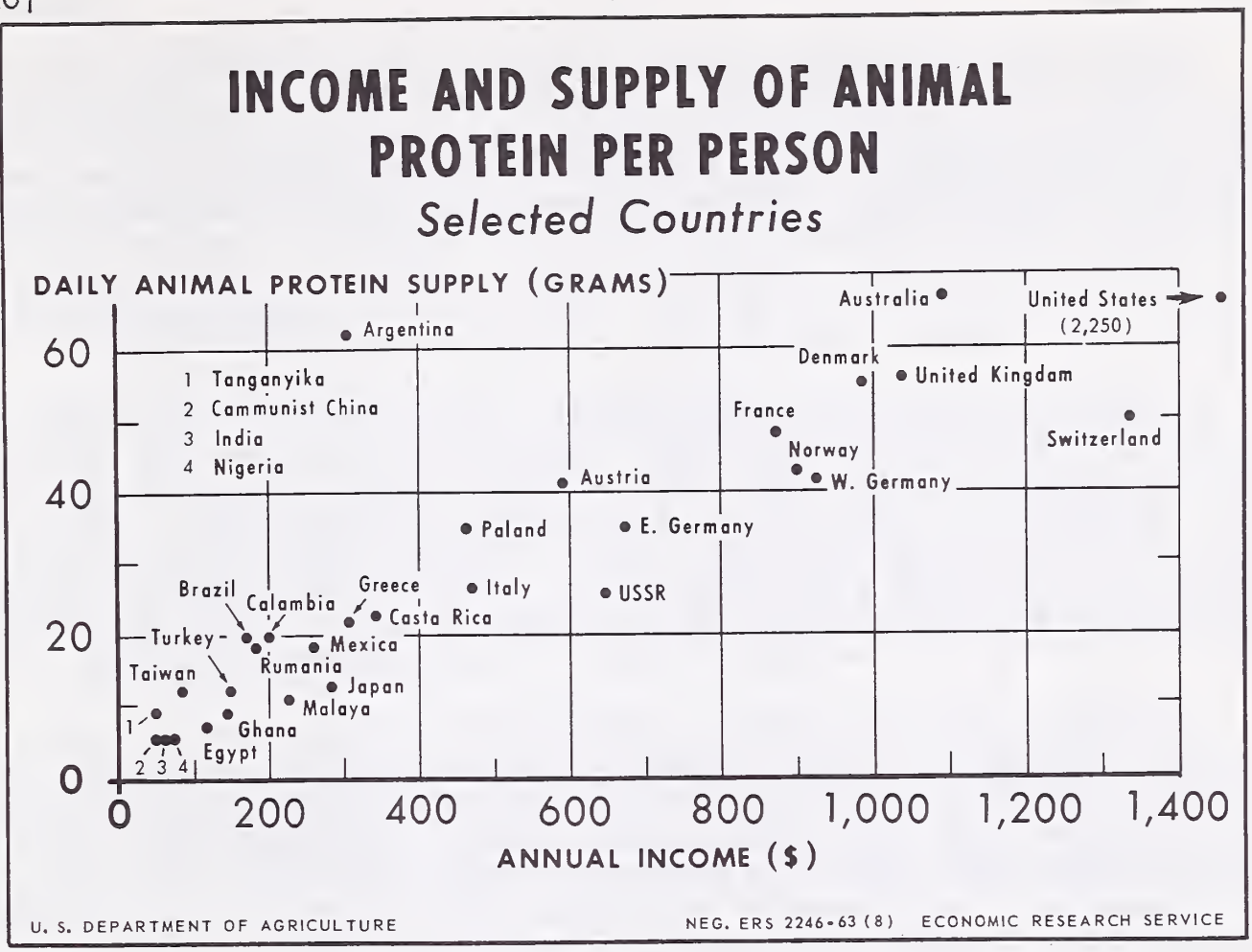

Figure 3

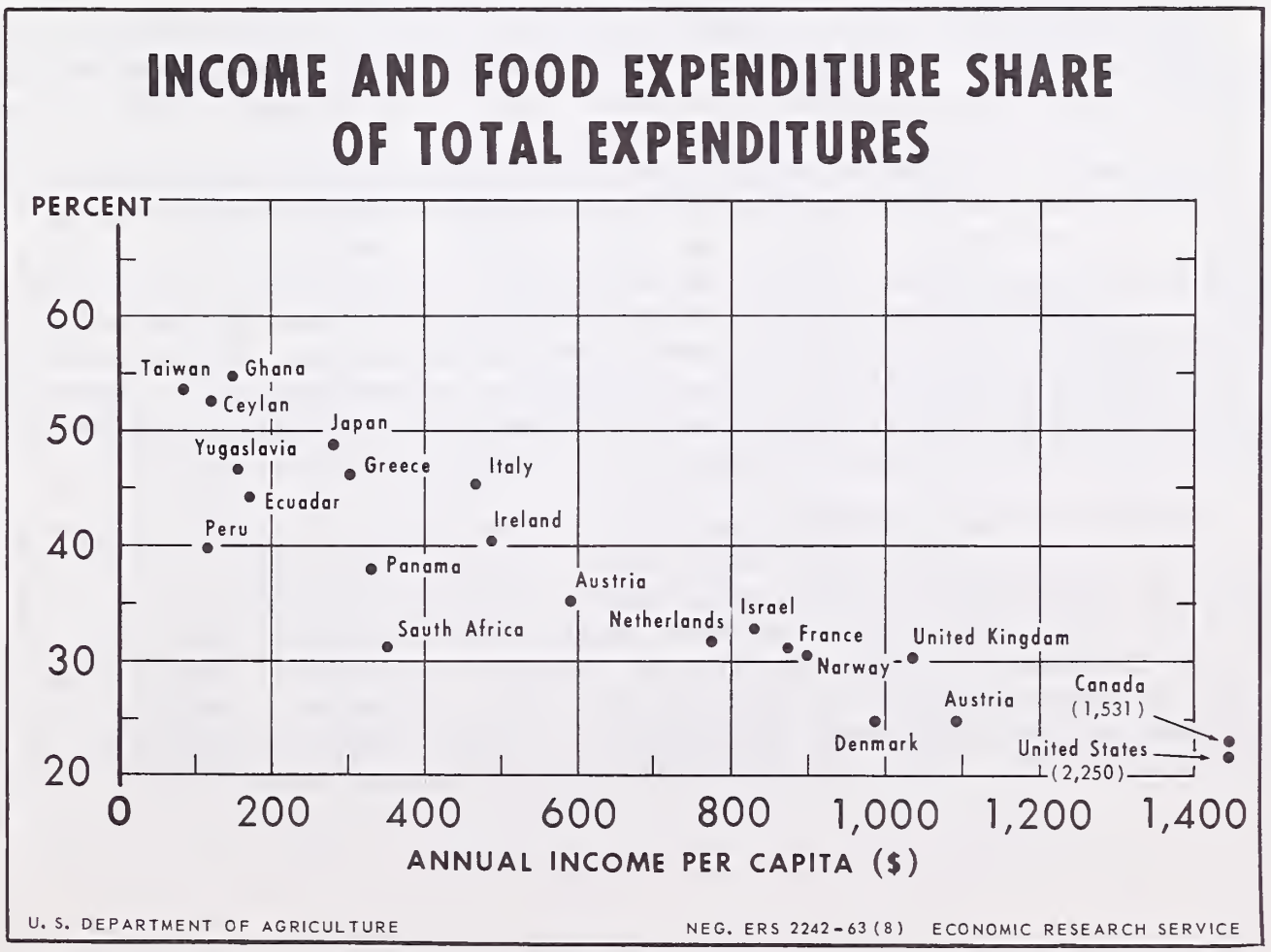

Figure 4

World grain output increased 47 percent between 1934-38 and world crop year 1960/61. Acreage expanded 15 percent and yields went up 28 percent. All of the world's 7 geographic regions expanded grain output from 1934-38 to 1960/61. Grain output increased 7 percent per capita in the world but declined in Asia and Latin America. Grain output per capita trended strongly upward in the developed regions, going from 470 to 594 kilograms, an increase of 26 percent. However, in the less developed regions, average per capita output declined 3 percent, from 224 to 218 kilograms. Yields per acre went up 51 percent in developed areas compared with only 8 percent in less developed areas.

Productive land is in limited supply. Of the earth's land surface of 33 billion acres, less than 3 billion is planted to crops. Of this total, 93 percent produces edible crops and 7 percent inedible crops such as fibers, rubber, and tobacco. Grain covers 71 percent of planted acreage. Total arable land is increasing slightly in many areas. However, arable land per capita is declining in every major geographic region. Grain acreage expanded in all regions except North America and Western Europe between 1934-38 and 1960/61. On a per capita basis it declined in each of the 7 geographic regions.

Population and arable land -- particularly highly productive land--are not evenly distributed. Asia currently contains 56 percent of the world's people but only 31 percent of the arable land. Western Europe is the only other major region that also has a larger share of world population than arable land. Oceania's arable land share of 2 percent is 4 times as large as its share of world population. Latin America is the only major region that has virtually identical shares of both world population and arable land.

Food products, which occupy 93 percent of total world crop land, make up only about 60 percent of total world agricultural trade. Cotton is the largest single item entering world trade. Grains dominate world trade of food products.

The pattern of world grain trade has changed completely between 1934-38 and 1960/61. In the early period, 6 of the 7 major regions were net exporters of grain. The number was reduced to 3 in 1960/61. North America's share of the total grain trade increased from 22 percent to 86 percent over the period. By 1960/61, North America was the principal supplier of all grains except rice. Even the Communist Bloc looked to North America for a share of its grain supply. Western Europe historically has been a large net grain importer. Now, Asia is beginning to rival Western Europe as the primary grain importer. Much of Asia's recent imports have been made through U. S. Government-assisted sales.

Trends in food production and trade show that the less developed world is steadily losing rather than improving its capacity to feed itself. Projections of net regional grain trade show a growing dependence of all the current net importing regions on North America and Oceania. The effort required by the less developed regions to feed their projected populations during the rest of this century will severely tax their resources. Densely populated, low income countries face the possibility of being trapped permanently at low income levels. The amount of land which can be brought into cultivation is

restricted by increasing costs of making new land productive and limited capital availability. Yields must be raised to meet the needs of population growth, even at existing levels of consumption; but raising yields also requires capital. When incomes remain at the subsistence level, the needed capital is not forthcoming and countries become dependent on external sources of food, capital or both.

Meeting the Challenge

World food output must expand at a faster rate in the years and decades ahead than ever before in history if population projections prove correct. Until about the middle of this century, expanding the cultivated area was the chief means of expanding world output. Since then improved yields has been the principal method, making up about four-fifths of the total increase. If this trend continues as expected, capital input requirements will climb rapidly. Increasing the intensity of cultivation of the limited land supply implies more multiple cropping and irrigation and the greater use of fertilizer, pesticides, improved seeds, and machinery.

The use of more fertilizer in combination with improved technology probably will be the single most important means of expanding future output. Increasing population and modest per capita improvements in the energy supply will require less-developed regions to expand fertilizer use to an estimated 34 million tons by 1980 and 87 million by the year 2000. The present rate is 5 million tons.

The role of the United States and other more developed countries as a source of food, capital, and technical assistance for the less developed regions is growing steadily. Agricultural technology has been developed almost entirely in the temperate regions of the world. Unlike industrial technology, it cannot always be readily transferred to the less developed regions, which are situated largely in the tropical and subtropical regions. However, strong efforts are being made to effect the transfer.

The extent to which the United States supplies food, capital, or technology will vary with individual countries. Population-land relationships, among other things, influence production costs and hence the desirability of trade rather than expansion of local production. Although the projected flow of food and other resources from North America to the less developed regions in future decades are expected to be much larger than at present, they undoubtedly will be rather small compared with the increasing needs of these regions.

PROJECTIONS OF FOOD CONSUMPTION TO 1968 1/

Food consumption patterns, as well as total food consumption, have changed considerably in the past and further changes are expected in the future. Population growth and composition, higher incomes, and changing prices and tastes all are at work modifying the quantities and kinds of food consumed in the United States.

Total food consumption by 1968 is expected to rise a little more than 9 percent above 1963. But population also is projected to increase about 9 percent. Per capita consumption, therefore, is expected to rise slightly from 1963 (fig. 5). Total calories and protein per person are expected to change little from present levels. Although these per capita aggregates are expected to be more or less stable for the next several years, shifts are expected in consumption of individual foods.

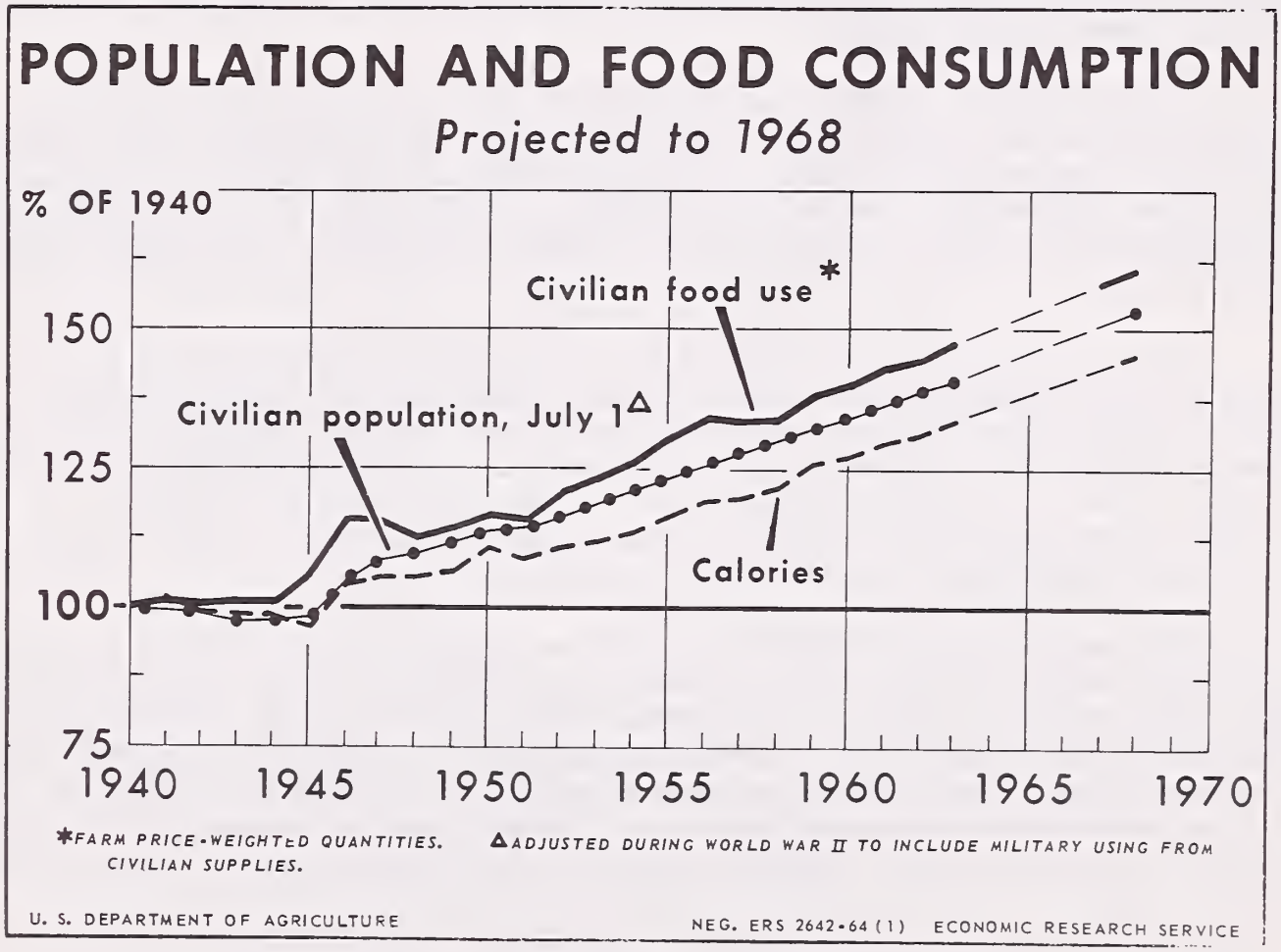

Figure 5

1/ By A. C. Egbert, Head, Long-Run Projections Section, ESA Division, ERS. This article is based on an ERS study, Agriculture in 1968: An Economic Projection (publication in process).

The demand for beef is expected to continue strong. Per capita consumption of beef increased about 37 percent from 1950 to 1962 but consumption of pork declined 8 percent. This shift from pork to beef is expected to continue and by 1968 per capita beef and veal consumption may increase to 106 pounds from 100 in 1963. A slight decline is expected in per capita pork consumption. Per capita consumption of poultry (chicken and turkey) increased over 50 percent from 1950 to 1962, as prices dropped sharply. Increased poultry consumption is expected to continue, but at a somewhat slower rate, and by 1968 consumption per capita may be nearly 40 pounds (fig. 6).

Some further decline is expected in consumption rates for eggs and dairy products. Of dairy products, per capita butter consumption may be down most, while rates for cheese and ice cream are expected to increase somewhat. Low-fat fluid items may continue to expand rapidly. As in the past, the decline in per capita butter consumption likely will be about offset by increased consumption of margarine. The decline in butter is part of a general substitution of vegetable for animal fats. Per capita consumption of fats and oils in total is expected to remain about steady in the next few years.

Per capita consumption of fresh fruits and vegetables is expected to trend downward, as in the past, although projected consumption is about 5 percent higher than at present. Consumption of fruits currently is low because of the short supply following last year's citrus freeze in Florida. Per capita consumption of processed fruits and vegetables is projected about 3 percent higher in 1968 than in 1963 (fig. 7). The long-term substitution of processed for fresh fruits and vegetables is expected to continue but at a somewhat slower rate.

The marketing of processed potato products such as frozen french fries and dehydrated potatoes has stemmed the long downtrend in per capita consumption of potatoes. Not much change in per capita consumption of potato products is expected from 1963 to 1968.

Total U. S. consumption of cereal products has not changed much in the last 50 years. But with rising population, per capita consumption has declined steadily. This downtrend is expected to continue, though possibly at a slower rate. By 1968, per capita consumption of total cereal products is expected to be near 220 pounds (in grain equivalent) per person or about 1 percent lower than at present.

Trends in Food Consumption

Population growth is the major factor influencing total food consumption. Food consumption often parallels the growth in population in high-income countries such as the United States. People consume more food as they become richer, but only up to a point; then pounds per capita of food level off. It may even decline as people shift to sedentary occupations that burn up less food energy. In fact, over the last 30 years total pounds of food consumed

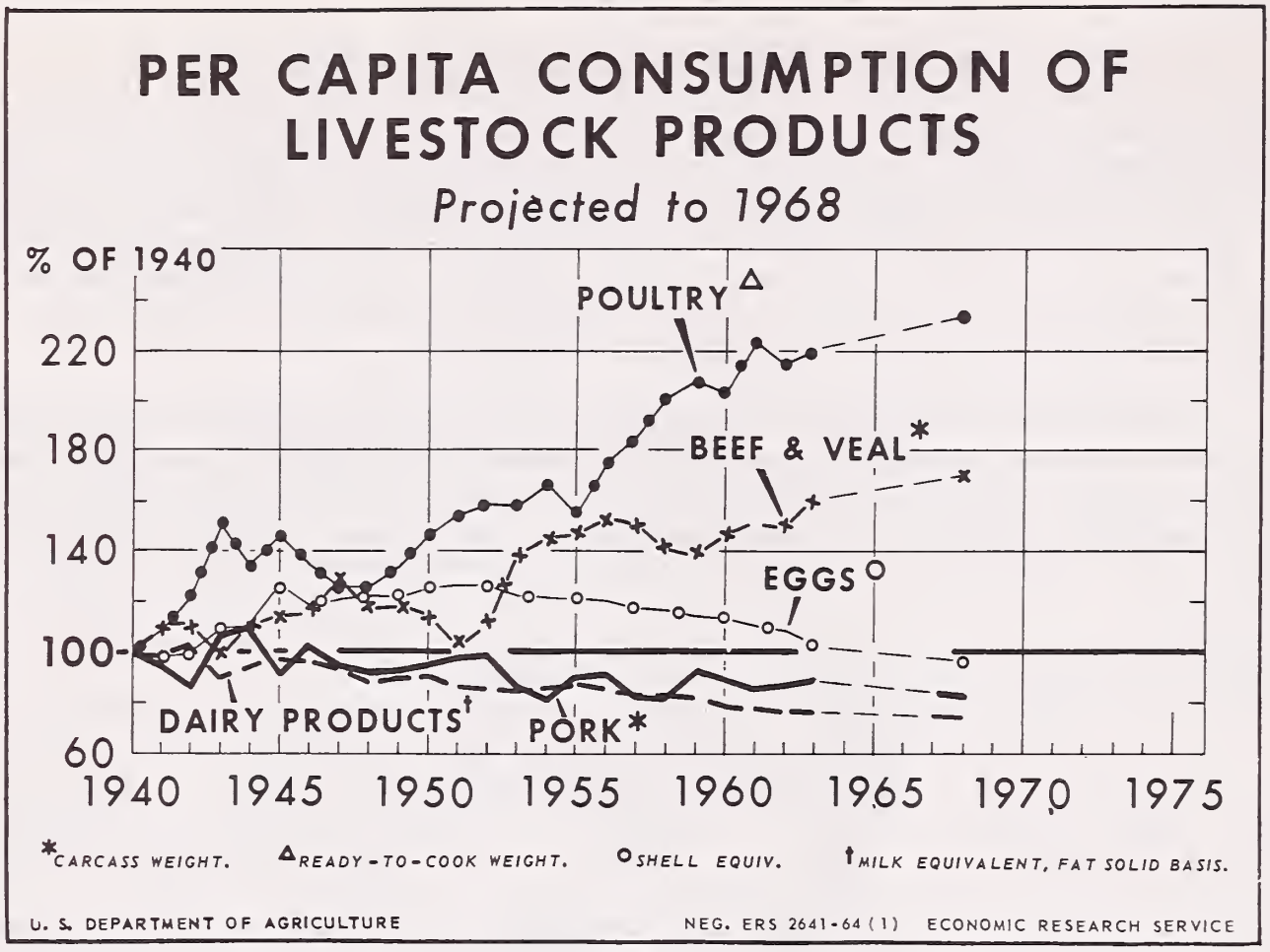

Figure 6

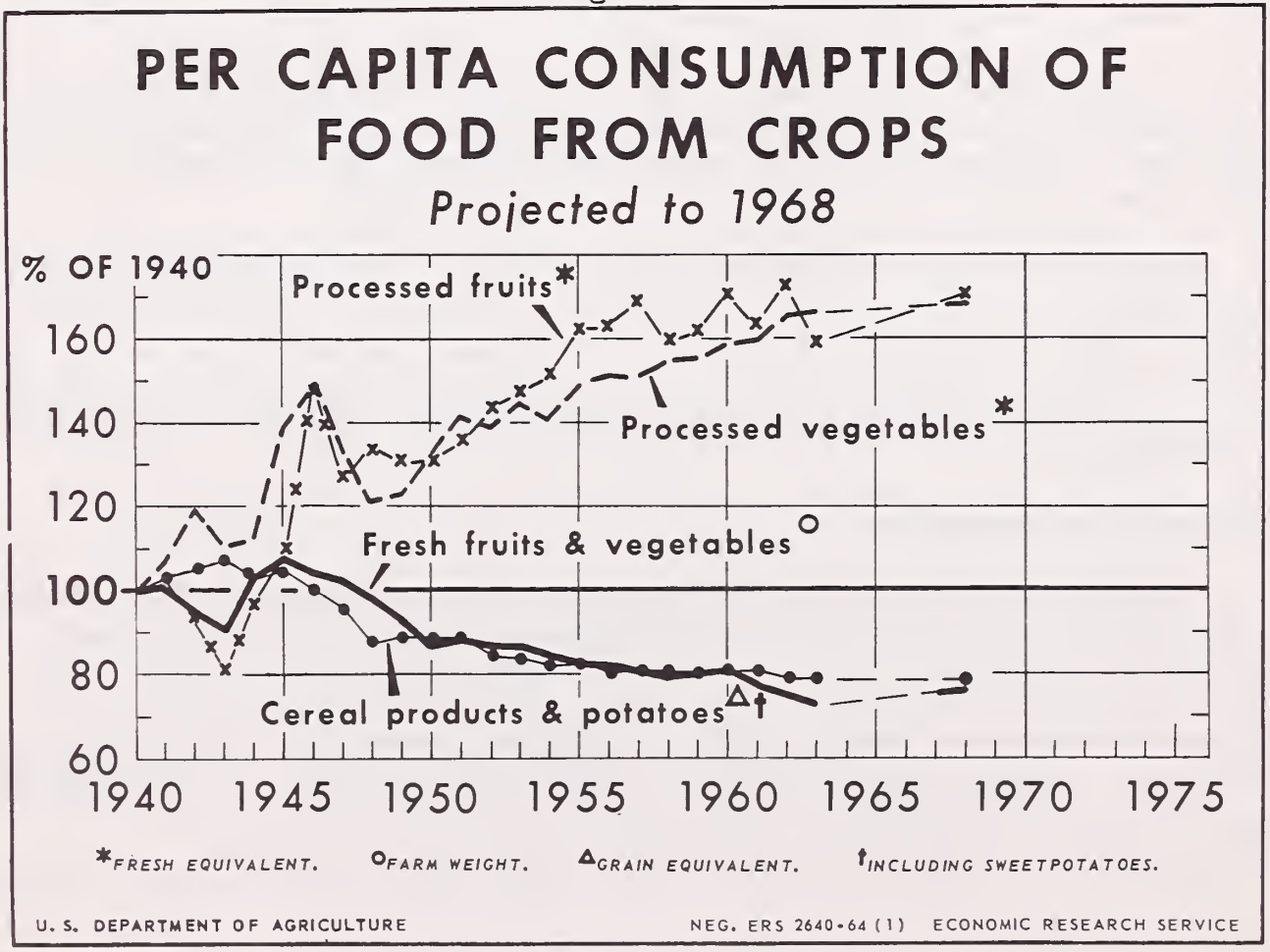

Figure 7

per person in the United States have declined slightly. In terms of food energy or calories, food consumption per person also has trended slightly down over the last 2 or 3 decades.

Even though total food consumption per person in terms of pounds or calories has declined somewhat in recent years, people have been buying more expensive foods. They have been buying more expensive, low carbohydrate foods such as meats, poultry, and vegetables in place of such high carbohydrate foods as potatoes and cereals.

Another type of substitution also occurs as incomes rise. Housewives purchase more highly processed or "convenience" foods that employ more services along with the food. For example, they buy more processed bakery products instead of the raw ingredients. They buy frozen french fries or shoe-string potatoes in a can in place of unpeeled potatoes in a sack.

Moreover, consumers substitute one food for another and one form of food for another as their tastes and incomes change and as food prices change. If the price of chicken falls but the price of pork does not, the average housewife puts more chicken and less pork in her market basket. If the price of beef falls at the same time, the housewife will increase her purchases of both chicken and beef; but the quantity of chicken will be less than if the beef price had not fallen.

The price of poultry fell steadily during the last 10 years because of technological advances that increased supplies faster than demand. The retail price of chicken dropped nearly 30 percent from 1950 to 1962. This decline was the main cause of the big upsurge in per capita poultry consumption during this period. On the other hand, beef prices rose 10 percent from 1950 to 1962 while consumption rose sharply. Pork prices increased about the same proportion as beef--12 percent--but consumption declined. As income increased, an apparent shift in consumer preference from pork to beef was reinforced by farm-city migration and improved facilities for freezing and storing beef by farm families that traditionally had consumed large amounts of pork.

Basic Assumptions

To estimate food consumption in 1968, population was projected to grow at a rate near 1.7 percent per year. This would result in 206 million people by 1968. The national economy was projected to grow 4 percent per year. Accordingly, per capita disposable personal income would increase 2.2 percent per year and total about 12 percent above 1963 by 1968. These projections assume there will be no change in the general price level and that current farm programs, including the 1964 wheat program, will be continued during the period.

On the average, prices of food commodities at the farm are projected to hold near current levels. However, some price changes are expected for particular commodities. Some increase is expected in retail prices as food purchased by housewives will include more packaging, preparation, and other services. Retail food prices may increase 1 to 2 percent above 1963 by 1968 even if there is no increase in the general price level. Changes in tastes are the most difficult of all to appraise when looking to future consumption patterns. In general, present consumption trends not explained by price and income changes are assumed to continue. However, downtrends in the consumption of eggs, milk, and flour are expected to moderate.

Limitations of Projections

Projections are not forecasts of the future. Economic projections usually are based on certain general assumptions such as those for population and general economic growth. Limited knowledge of economic relationships is used in conjunction with these general assumptions to provide future estimates, for example, of the level of farm production, food consumption, or employment. But since relationships valid in the past may no longer hold in the future, projections can be interpreted only as gross indicators of future changes.

COMMODITY REVIEWS

Meat

Total red meat consumption per person the first 6 months of 1964 likely will average about 83½ pounds, about the same as in the first half of 1963. However, a prospective increase in beef consumption will be offset by a decrease in pork and lamb. Retail meat prices in the first half this year probably will average about the same as a year earlier. Prices declined about 4 percent from the first to the second quarter last year.

Consumption of beef in the first quarter of 1964 likely will average about a pound higher than the 23 pounds per capita in January-March 1963 and slightly less than in the fourth quarter of last year. Second quarter per capita beef consumption probably will be down about a pound from the first quarter and about the same as in these months a year earlier.

Retail beef prices in the first 3 months of 1964 are expected to continue at the October-December 1963 level but below last year's January-March average. A slight rise is likely in the second quarter.

Veal consumption in the first quarter may be about the same as in the previous quarter and in January-March a year earlier. Second quarter consumption will be down seasonally but about the same as in these months of 1963. Retail prices for veal in the coming months likely will be little changed from the first 6 months of 1963.

Pork supplies in January-March are expected to average around 18 pounds per person. This will be about the same as in the fourth quarter of 1963 and in the first quarter of last year. However, second quarter consumption will decline seasonally and average about half a pound below the 15 pounds per person in the second quarter of 1963.

Retail pork prices are expected to remain rather stable in the first quarter this year and average near prices in the fourth quarter of 1963. Second quarter prices may average slightly higher. Last year, retail pork prices declined 5 percent from first to second quarters.

Consumption of lamb and mutton in January-March likely will increase seasonally from the fourth quarter of last year but still average a little below the 1½ pounds in these months a year earlier. In April-June per capita consumption is expected to decline seasonally and average below the second quarter of 1963. Lamb prices are expected to continue unchanged from the fourth quarter of last year through the first 2 quarters of 1964. Retail lamb prices also were almost constant in the first 6 months of 1963.

Fishery Products 1/

Supplies of edible fishery products are expected to be little changed in 1964 from previous years. The total U. S. catch may decline again, but more fish and fish products are expected to be imported. Major items for which import increases are expected include ocean perch and cod fillets, shrimp, tuna, scallops, and spiny lobsters.

Frozen stocks on hand as 1964 began were larger than a year earlier. Canned stocks were down, with the exception of pink salmon and shrimp, due to smaller 1963 packs. A substantial increase in domestic shrimp production and a continuing high level of imports have resulted in an unusually large carryover. Large holdings of frozen Great Lakes chubs, fish sticks and portions, flounder, halibut and ocean perch fillets and steaks, crabmeat, scallops, shrimp (both frozen and canned) and canned pink salmon were on hand as 1964 began.

Supplies of most major species are adequate for the early 1964 Lenten season and during the remainder of the year. Increased imports are expected to offset a small decline in the total domestic catch.

Retail prices of some major items likely will strengthen during 1964. Fresh and frozen shrimp and canned tuna prices, in particular, may firm up. Little change is expected in per capita consumption of all seafoods in 1964.

1/ Prepared by the Bureau of Commercial Fisheries, Fish and Wildlife Service, U. S. Department of the Interior.

Poultry

Per capita consumption of chicken in 1963 reached a record high of 31.1 pounds, up 1 pound from 1962. Commercial broilers made up 87 percent of this. Turkey use per capita in 1963 declined to 6.7 from 7.1 pounds in 1962 reflecting smaller starting stocks of frozen birds from the 1962 crop and a large carryout from the 1963 crop.

Turkey used in prepared foods has increased dramatically the last 2 years. In 1963, about 191 million pounds (16 percent) of federally certified, ready-to-cook turkey were processed beyond the cutup ready-to-cook stage, up from comparable totals of 148 million pounds (13 percent) in 1962 and 105 million in 1961. Chicken processed beyond cutup in federally inspected plants in 1963 totaled 356 million pounds, up from 305 million in the year before and 295 million in 1961. Most processed chicken is stewing chicken, a byproduct of egg production. About 6 to 7 percent of federally certified chicken slaughter was processed beyond cutup in the last 3 years.

Some expansion in chicken and turkey production and consumption is likely in 1964. Per capita consumption of chicken probably will be up about three-fourths pound from 1963 and turkey use probably will be up about half a pound. Retail prices for poultry in 1964 are not likely to move far from the 1963 level.

The slaughter of young chickens increased seasonally during the fourth quarter of 1963 and will continue through the first quarter of 1964. A year earlier there was a contraseasonal decline in output between these 2 quarters. As a result, federally inspected young chicken slaughter probably will rise from equal to the year-earlier level in October-December 1963 to about 6 percent above it in January-March 1964.

Because demand probably will be increasing faster than supply, retail prices for frying chickens in the first quarter are likely to be a little higher than in the fourth quarter of 1963 but may be down slightly from the first quarter of 1963.

In early 1964 turkey supplies will be at seasonally low levels. Production will be at a low ebb, so the bulk of consumption will come from cold storage holdings. On January 1, 1964, such holdings totaled 216 million pounds, up 6 percent from a year earlier. However, larger stocks partly will be offset by smaller turkey slaughter, resulting in only a slight increase in turkey supplies in early 1964 compared with the same period last year.

Eggs

Total civilian consumption of eggs varied less than 1 percent per year between 1960 and 1963, with no well-defined trend evident. But, per capita use declined, as the population increased. More of the same is in prospect for 1964. Practically no change in total egg consumption from 1963 appears likely but the downtrend in the rate of use probably will continue, resulting in about 311 eggs per capita in 1964 compared with 316 in 1963.

Egg production in 1963 totaled 176 million cases, up fractionally from 1962. Compared with a year earlier, output was smaller in the first quarter, the same in the second quarter, and higher in each month of the last 2 quarters. Production is expected to run above year-earlier levels at least through the fall of 1964, reflecting both a larger number of layers and a higher rate of lay per bird.

From a low in September 1963, egg production will rise to a seasonally high plateau in March-May. During this period egg output will exceed current requirements and result in a buildup in cold storage holdings, mostly of frozen egg. Egg prices for the year probably will be lowest in April-July and highest in September-December, the normal seasonal pattern. Last year BLS retail prices for Grade A large eggs were 51 cents per dozen in April-July and 58 cents in September-December. In 1964 a little greater than seasonal decline in egg production may result in slightly more than a seasonal rise in prices. Retail egg prices in 1964 may average a little lower than in 1963.

Dairy Products

Total civilian consumption of all dairy products (milk equivalent) in 1964 is expected to be about 1 percent above 1963. However, per capita consumption may decline slightly. Use per person of ice cream and fluid milk and cream may rise slightly above last year's levels. Cheese and low-fat fluid items may continue 1963's substantial gains. But butter and evaporated milk are expected to continue their previous downtrends. Retail prices of dairy products in 1963 averaged fractionally below 1962. However, during the first quarter of 1964 they are expected to be slightly above the January-March 1963 level and may continue above a year earlier during the rest of 1964.

Milk production is increasing seasonally, but on a daily basis may be about the same as a year earlier during the first quarter of 1964. During the last quarter of 1963 output was about 1.6 percent below the October-December level of 1962. Preliminary reports of milk production indicated 124.6 billion pounds for 1963 compared with 125.8 billion in 1962. At the end of 1963 total stocks of manufactured dairy products were 24 percent lower than the record yearend stocks of 1962 but nearly double the 1957-59 average.

It is expected that a smaller proportion of 1964 production will go into manufactured dairy products than last year, as fluid use increases. The manufacture of butter, nonfat dry milk, and evaporated milk may continue to decline but probably less than in 1963. Nevertheless, the Commodity Credit Corporation will purchase substantial quantities of butter, cheese, and nonfat dry milk, since supplies will be in excess of commercial demand for dairy products. However, during the first quarter of 1964, purchases of dairy products under the price support program are

likely to be lower than in the same period of 1963, when they amounted to 2.6 billion pounds of milk equivalent.

Sales of fluid milk and cream products in major marketing areas are running more than 2 percent above a year ago, but declining total farm use held 1963 gains to about 1.8 percent over 1962. Nationally, per capita consumption of fluid milk and cream was about the same as the 311 pounds in 1962. Sharp increases, approximating 9 percent, occurred in the use of skim milk and low fat items, fluid whole milk consumption changed little and cream items continued their long-time decline.

The use of butter per person in 1963 declined from 7.2 to 6.9 pounds, despite an increase in donations of CCC stocks for use in welfare and school lunch programs. Continuation of the downtrend in per capita use of butter from commercial sources appears likely in 1964.

Per capita consumption of cheese in 1963 is estimated at 9.4 pounds compared with 9.1 in 1962. This increase was due to a gain of about 8 percent in the use of American cheese from commercial sources. Donations of CCC cheese dropped about 9 percent. Total consumption of other types of cheese was up slightly. It is expected that 1964 per capita consumption of cheese will slightly exceed 1963 levels.

Per capita use of nonfat dry milk in 1963 amounted to 5.6 pounds, maintaining the 1962 level, but sharply below the 6.3 pounds of 1961. Commerical use of nonfat dry milk increased 3 percent, but consumption from CCC donations declined from record levels of 1962.

The supply of evaporated milk continued to drop in 1963 as a result of both lower production and commercial stocks. Per capita consumption declined from 10.1 to 9.4 pounds in 1963. Per capita consumption of condensed milk remained at 2.4 pounds in 1963.

Per capita consumption of ice cream in 1963 increased to 18.2 from 17.9 in 1962, the first increase since 1959. Use per person of ice milk has increased sharply in recent years, amounting to 5.7 pounds in 1963 compared with 2.9 pounds in 1955.

Retail prices of dairy products, as measured by BLS, averaged about 0.3 percent lower in 1963 than in 1962, due to lower prices in the first half of the year. In the first quarter of 1964 prices are expected to average about half a percent above a year earlier. Indications are that retail prices of fresh whole milk and cheese will be above first quarter 1963. Butter, evaporated milk, and ice cream prices may differ little from a year earlier.

Exports of dairy products tripled in 1963, primarily because of increased movement overseas of butter under Government programs. Overseas shipments of butter and butter oil under these programs rose from 33 million pounds of butter equivalent in 1962 to about 180 million in 1963; nonfat dry milk was up from 892 million pounds in 1962 to about 1,160 million in 1963. Shipments

of these products in 1964 are expected to continue at high levels but may not reach the peaks of 1963. Commercial overseas shipments of evaporated and condensed milk were about 162 million pounds in 1963 compared with 158 million in 1962.

Food Fats and Oils

Total U. S. supplies of edible fats, oils, and oilseeds during the 1963-64 marketing year, which began October 1, 1963, are placed at 16.9 billion pounds (in terms of oil), 3 percent above a year ago and an alltime high. Total disappearance also is expected to reach new heights, surpassing 1962-63 by perhaps as much as 5 percent. A rise in exports over last season will account for most of this increased use, as total domestic consumption likely will increase at its annual average increment of around 125-150 million pounds. However, stocks of food fats and oils (including oil equivalent of soybeans, shortening, and cooking and salad oils) next October 1 probably will remain around the 2.5 billion pounds level of a year earlier. Retail prices of food fat products are expected to decline slightly from the level of last year, reflecting lower prices for the primary fats and oils.

During calendar 1964, per capita domestic consumption of edible fats and oils is placed at about 46 pounds (fat content), about equal to the long-term average. Consumption of butter and lard (direct use) is expected to be down from a year ago and the lowest per person rate on record. However, more margarine and cooking and salad oils are expected to be used. Shortening use is expected to be roughly the same as in 1963. As last year, sizable amounts of CCC butter donations will be consumed.

Use of lard in shortening and margarine continued to increase in 1963, due mainly to the relatively low price of lard during most of the year. Use of lard in these products in 1963 totaled a record 670 million pounds, 5 percent more than in 1962. Use of lard in manufactured products during 1964 probably will be less than in 1963 because of reduced supplies, larger exports, and higher lard prices relative to competitive edible vegetables oils.

The BLS Consumer Price Index for edible fats and oils averaged 95.7 percent of 1957-59 in 1963, 2.8 percent less than 1962. Prices of butter, lard, and salad dressings declined about 1 percent while margarine prices were off around 3 percent, and shortening prices 6 percent. Another small drop is in prospect for 1964 mainly because of lower average prices for soybean, cottonseed, corn, peanut, and other edible oils.

Exports of food fats (including the oil equivalent of soybeans) during 1963-64 marketing year are estimated at 4.8 billion pounds compared with 4.3 billion in 1962-63. More edible vegetable oils, lard, soybeans, and butter (including butter oil and ghee) are expected to move out. Reduced supplies

of competitive fats in many countries, greater demand in Europe and Japan, and increased movement of edible vegetable oils under Food for Peace (P.L. 480) are important factors aiding U. S. exports. Large U. S. stocks and relatively low prices for edible vegetable oils also favor increased exports. Exports of edible oils (cottonseed and soybean) under P.L. 480 will account for nearly 60 percent of total shipments compared with 53 percent in 1962-63.

Fruits

Supplies of fresh citrus fruit during late winter and spring are expected to be larger, but canned and frozen fruits are lighter than in this period of 1963. Storage stocks of fresh apples are larger, but those of pears smaller. Supplies of fruit juice may exceed year-earlier quantities by midyear. Continued high retail prices for most fresh and processed fruits are expected over the next few months.

Supplies of fresh citrus fruit from now until midyear are expected to be larger than in this period last year, but somewhat smaller than usual. In Florida, where early-season use of the lighter 1963-64 orange crop was much smaller than in 1962-63, remaining supplies are larger than a year ago. Much of the increase consists of Valencias, the harvest of which usually starts in February and is seasonally heavy during April-June. Supplies of California and Arizona oranges and lemons also are up this year. Supplies of Florida grapefruit will continue light and in the spring they may not be greatly different from a year earlier. Freezing temperatures to late January did not materially damage citrus fruit.

Retail prices for fresh oranges and grapefruit during the first half of 1964 probably will average somewhat below the high levels of a year earlier but moderately higher than usual. Prices for lemons are expected to run somewhat below high year-earlier levels.

Supplies of fresh deciduous fruits during winter and most of spring normally consist mainly of stored apples, pears, and grapes, and of new-crop strawberries. These fruits are supplemented by light imports of various deciduous fruits, mostly from Southern Hemisphere countries, and by heavy imports of bananas from the tropics. On January 1, 1964, cold storage stocks of apples were substantially larger than a year earlier. But stocks of pears and grapes were down sharply. Freezing temperatures that struck the Florida winter strawberry crop in January may curtail early supplies but prospective acreage of spring strawberries is a little larger than in 1963. Retail prices for most deciduous fruits during winter and early spring probably will average somewhat above a year earlier.

Larger receipts of bananas are expected during the first half of 1964. Imports a year ago were limited by shipping difficulties, although normal supplies were available in the tropics. Retail prices last fall were a little below a year earlier, and it is likely that prices over the next few months will continue below year-earlier levels.

Supplies of canned fruits in prospect for the first half of 1964 are moderately smaller than a year ago. The 1963-64 packs of canned peaches and apricots were a little above a year earlier. But the packs of most other items were down. The total 1963-64 pack may be down about a tenth from the 1962-63 record. Receipts of canned pineapple from Hawaii may be somewhat smaller this winter and spring. But supplies of Florida canned grapefruit sections and citrus salad are expected to be larger. Retail prices for most canned fruits increased during 1963 from 1962 levels. Prices for some items may advance somewhat by midyear.

Total supplies of dried fruits from now until summer are expected to be somewhat larger than a year earlier. A substantial increase in raisins is expected to more than offset a moderate decrease in prunes and most other items. As usual, relatively small imports of dates and figs are expected to supplement U. S. production. Recent retail prices for dried prunes were above a year earlier.

Decreased supplies of frozen fruits and berries (excluding juices) will be available from now until midyear. Total stocks on January 1, 1964, were nearly a fifth smaller than a year earlier and about an eighth lighter than usual. Stocks of each of the 4 leading items -- strawberries, cherries, apples, and peaches -- were down. The 1963 pack of frozen deciduous fruits and berries was about a tenth below 1962. Retail prices for frozen strawberries this winter probably will continue above year-earlier levels.

Less processed fruit juices -- frozen, canned, and chilled -- will be available this winter than last, when citrus fruit processing was stepped up to minimize losses from the freeze. But this spring output of frozen orange concentrate and canned and chilled juice probably will be much larger than last spring. Prospective supplies of canned pineapple juice from Hawaii are lighter than in the first half of 1963. Continued high retail prices are expected for most fruit juices from now until midyear.

Vegetables

Vegetable supplies in total will likely be smaller this winter than last. Frozen vegetable holdings are the same as in 1962. But fewer fresh vegetables will be available because of cold weather in major winter producing areas. Supplies of potatoes are slightly smaller than a year ago and those of sweetpotatoes are down materially. Canned vegetable supplies are moderately smaller than the record volume of a year earlier but still plentiful. Consumption of sweetpotatoes and most fresh vegetables this winter will be less than last winter. Per capita consumption of potatoes is expected to be nearly the same as last winter, but a slight gain may occur in the use of processed vegetables. Retail prices this winter likely will be higher than a year earlier for fresh vegetables and sweetpotatoes and slightly higher for many canned vegetables, but about steady for potatoes and frozen vegetables.

Total supplies of fresh vegetables, seasonally low during the winter, are expected to remain smaller than a year earlier into late March. Low temperatures during December and January in the winter vegetable growing areas of Florida, Texas, California, and Arizona have delayed growth and caused extensive damage to numerous crops. Supplies of tender vegetables such as snap beans, sweet corn, cucumbers, and tomatoes will be curtailed. Although the more hardy items -- including celery, carrots, cabbage, and lettuce -- suffered only minor damage, supplies are expected to be smaller than in 1963. Because of smaller supplies in prospect for most items, retail prices for fresh vegetables this winter likely will average above those a year earlier.

Supplies of canned vegetables are moderately smaller than the record supplies last year. Stocks of tomatoes, tomato juice, catsup, lima beans, sauerkraut, pumpkin, and squash appear to be moderately smaller than a year ago. Snap bean supplies are down slightly. But supplies of beets, carrots, spinach, and green peas are above year-ago levels, and those of sweet corn, asparagus, and cucumber pickles probably are record large. Total holdings of frozen vegetables are about the same as a year ago, with increased supplies of broccoli, Brussels sprouts, carrots, and spinach offsetting small declines in most other items. Because of large supplies, retail prices for canned beets, carrots, and spinach may average lower than a year earlier, and prices for sweet corn and several tomato products likely will continue near depressed levels of a year earlier. But slightly higher prices are expected for other major canned items. With all important frozen vegetables in ample to heavy supply, retail prices probably will average about the same as a year earlier.

Total supplies of potatoes are a little smaller than last winter, but still in excess of trade requirements. Retail prices through the winter are likely to continue near current levels and average about the same to a little higher than a year earlier.

Remaining supplies of sweetpotatoes for marketing through the spring appear to be substantially smaller than a year ago. Retail prices probably will increase seasonally during the next 4 to 5 months and are expected to average materially higher than a year earlier.

Cereal and Bakery Products

Food Grains

Per capita consumption of wheat food products in 1963 were virtually unchanged from 1962 levels, but rice registered a slight rise. No significant changes are expected in 1964. Despite the slated reduction in the price support rate for the 1964 wheat crop, retail prices of wheat food products probably will continue their uptrend. Marketing costs constitute a large share of the price of bread and many other wheat products; these costs probably will continue to increase despite the prospective decline in the price of wheat.

Corn, Oats, and Barley

U. S. per capita consumption of all food products made from corn increased 3 percent in 1963 over 1962, continuing an uptrend that has been underway since 1957. This rise has resulted from increases in consumption of corn sugar and sirup. The recent uptrend in consumption of corn food products reverses a downtrend which resulted from declining consumption of cornmeal. Consumption of all corn products for food in 1963, amounted to about 49.5 pounds per capita (grain equivalent) 3 percent more than in 1962 and 12 percent more than in 1957. Consumption of corn sirup in 1963 rose to about 12.3 pounds per capita, 7 percent above 1962 and an increase of 29 percent during the past 5 years. Per capita consumption of corn sugar increased to about 4.4 pounds, 13 percent above a year earlier and an increase of 19 percent since 1958.

Domestic food use data for oats and barley products are not reported annually, but available information indicates that the consumption of these products has been relatively stable in recent years. U. S. consumption of oatmeal and other oat food products amounts to about 3.5 pounds per capita and for barley products about 1 pound.

Retail prices of corn and oat cereal products rose slightly during 1963. During the past 5 years, prices of cornmeal and corn flakes increased 11 or 12 percent and rolled oats about 19 percent. During 1963, retail prices of cornmeal and rolled oats increased about 2 percent while the price of corn flakes rose 4 percent.

Sugar and Other Sweeteners

Prospective supplies of sugar for U. S. consumers in 1964 are ample, although prices are likely to remain well above a year earlier, at least during the first part of the year. Estimated world sugar supplies for 1964 will be larger than in 1963, but below per capita levels of prior years. Prices in the world sugar market continue much higher than in 1962 and earlier years. The rise in world sugar prices from December 1962 to December 1963 was about 2.7 times as great as the comparable increase in the United States.

World sugar production in 1963-64 is estimated at 58.7 million tons, about 3.7 million above 1962-63. While this new supply is sufficient to mitigate the world scarcity of sugar that appeared in 1963, it is still below expected world consumption for 1964, based on the uptrend since World War II. A further reduction in world stocks in 1964 seems likely. World sugar prices are expected to remain at a high level.

Preliminary data indicate that the quantity of sugar delivered to U. S. industrial users, wholesalers, retailers, and others by primary distributors in 1963 was about 2 percent above the 9,752,000 tons in 1962. However, most of this increase went into yearend invisible stocks. Total food use rose slightly but not as much as population. As a result, consumption per capita apparently declined slightly.

The use of sweeteners other than sugar (corn sirup, dextrose, and noncaloric sweeteners) increased considerably in 1963. The rise in corn product sweeteners was noted in the cereal product statement. A marked expansion also took place in use of noncaloric sweeteners, particularly in soft drinks. Trade reports of plans to enlarge plant capacity for the production of these sweeteners suggest that the increase is likely to continue in 1964.

The increasing availability of sweeteners other than sugar provides consumers a wider choice of sweeteners and products containing them. Price competition and increased consumer satisfaction may result from this increase in variety. The market for products made with sweeteners other than sugar is to some extent separate from that for products made with sugar, particularly for such products as canned fruits and cola drinks made with noncaloric sweeteners. In such cases the availability of a variety of sweeteners may result in a larger total market for sweeteners than would otherwise exist. However, a considerable part of the increased use of corn sirup, dextrose, and noncaloric sweeteners in soft drinks probably represents a substitution for sugar rather than an enlargement of the consumption of sweeteners.

Coffee, Cocoa, and Tea

Coffee

The world's 1963-64 production of exportable coffee is estimated at 51.9 million bags, a 1.7 percent decrease from the previous year. Most of this decline is due to a 1 million bag reduction in the Brazilian crop that resulted largely from frost and drought in 1962. This decline in exportable production is resulting in a decrease in the rate at which stocks are accumulating in producing countries. The 1964-65 crop is expected to be reduced even more due to a continuation of adverse weather conditions in 1963. It could result in world consumption exceeding production. Producing countries may need to dig into stocks of exportable quality in order to meet demand.

Brazil supplies 37 percent of U. S. green coffee imports. Prospects of reduced Brazilian production were reflected in an upward price trend during the latter part of 1963 and early 1964. Green coffee prices moved from a 14-year low of 33 cents per pound in August to 47 cents in mid-January. This price rise, coupled with a 10 cent per pound increase in African robusta coffee since January 1963, has resulted in an increase in the wholesale price of processed coffee. It totaled 12 cents per pound for canned coffee and 4 cents per ounce for instant coffee between October of last year and January.

U. S. stocks of green coffee increased substantially during the latter part of 1963, reflecting roaster anticipation of further price rises. Stocks increased 38 percent between June 30 and November 30, when they stood 27 percent above a year earlier. U. S. green coffee imports for the 11 months of 1963 were nearly equal to those of a year earlier. Thus, it is assumed the buildup in stocks is due to a decline in consumption.

Table 7.--U. S. imports for consumption of coffee, cocoa, and tea, by area of origin, 1962 1/

Item and area of origin	Quantity	Value
	Mil.lb.	Mil.dol.
Coffee 2/		
Latin American Republics		
Brazil	1,203	363
Colombia	573	226
Mexico	185	65
Other	562	181
Africa		
Angola	196	37
East Africa 3/	187	39
Western Africa 4/	98	18
Other	186	50
Other countries	59	11
Total	3,249	990
Cocoa		
Beans		
Latin American Republics		
Dominican Republic	41	8
Brazil	38	7
Ecuador	27	5
Mexico	23	4
Other	31	7
Africa		
Ghana	239	48
Federation of Nigeria	133	27
Other	86	19
Other countries	22	6
Total	640	131
Cocoa and chocolate products (sweetened and unsweetened) 5/	105	19
Tea		
Ceylon	51	24
India	29	16
Republic of Indonesia	14	6
Other countries	35	14
Total	129	60

1/ Preliminary. 2/ Includes green beans and roasted coffee, green bean equivalent. 3/ Includes Kenya, Uganda, Tanganyika and Ethiopia. 4/ Includes Ghana, Ivory Coast and Nigeria. 5/ Netherlands is leading exporter to U. S. with 40,344 thousand pounds valued at $7,708 thousand.

The recent increase in the price of Brazilian coffee represents a halt in a price downtrend. Green bean prices dropped from 88 cents per pound in July 1954 to 33 cents in August 1963. Meanwhile, prices of lower quality African coffees have risen in recent years--from below 20 cents per pound in October 1961 to 35 cents last December. Robusta coffees are widely used in instant coffee blends.

Until the recent increase, the retail price of canned coffee declined continuously since 1954, dropping approximately 47 percent. This decline reflected a 62 percent decrease in the price of Brazilian green beans. However, the price of robusta coffees rose while retail prices of instant coffee declined. Instant coffee prices declined 3 percent between July 1961 (when BLS began reporting) and November 1963 while robusta prices rose 58 percent. Development of more efficient methods of processing, scale economies resulting from increased production, and increased competition probably account for the absorption of bean price increases.

A recent rapid runup in mid-1964 futures prices suggests a continuation of the price increase for green coffee. Since retail price trends have only begun to reflect increases at wholesale, further increases can be expected later in the year.

The International Coffee Agreement was put into force recently by ratification by the United States and the Malagasy Republic. They fulfilled the requirements set forth by the treaty that required ratification by at least 20 exporting countries having at least 80 percent of world exports and at least 10 importing countries having at least 80 percent of world imports in 1961. The Agreement was designed to combat disequilibrium between production and consumption. Disequilibrium in the past has resulted in the accumulation of burdensome stocks in producing countries and pronounced fluctuations in price.

Cocoa

World consumption of cocoa exceeded production in 1963 for the second straight year. World stocks have slowly been decreasing since the record 1960-61 crop. Latest estimates place the 1963-64 crop slightly above that of the previous year. Development of black pod-rot disease, resulting from excessive rainfall, cut earlier production estimates in Africa and in some Latin American cocoa-producing countries.

The Food and Agriculture Organization in 1962 projected a 4 percent per annum increase in world consumption of cocoa. This rate has been exceeded in recent years. Total U. S. consumption last year increased 3.8 percent. However, the increase in cocoa price, coupled with high sugar prices, is expected to lower the consumption increase this year.

Reduced production and declining stocks have caused price increases in this country, the world's leading importer (taking about a third of the total). Cocoa bean prices have risen from a 14-year low of 20 cents per pound in 1962 to 26 cents in mid-January. Any further price changes are expected to be small.

Ghana is the world's leading producer of cocoa, with about 37 percent of the total and about half of African production. Ghana is initiating a long-range program to stabilize and raise the price of cocoa and cocoa products on the world market. The program has 3 parts: They plan to (1) build environmentally-controlled storage silos to store half of annual production as beans and process the remainder into cocoa products, (2) improve product uniformity by grading, and (3) stimulate local consumption.

Tea

World tea production increased slightly in 1963. World consumption and prices remained fairly stable. In many traditionally tea-drinking countries per capita tea consumption has remained about steady, while per capita consumption of coffee has been rising. Per capita consumption of tea in the United States has remained about $6\frac{1}{2}$ pounds since 1957. Retail tea prices rose about 1 percent in 1963 and ended the year about 3 percent above the 1957-59 average.

Table 8.--Production of major food commodities, calendar years, 1947-49 and 1957-59 averages, 1960-63, with percentage comparisons 1/

Commodity	Unit	Average 1947-49	Average 1957-59	1960	1961	1962	1963 Preliminary	1963 as a percentage of 1947-49	1963 as a percentage of 1957-59	1963 as a percentage of 1962
Meats (carcass weight)										
Beef	Mil. lb.	9,649	13,704	14,727	15,296	15,296	16,430	170	120	107
Veal	Mil. lb.	1,454	1,240	1,108	1,045	1,015	930	64	75	92
Lamb and mutton	Mil. lb.	716	711	768	832	809	770	108	108	95
Pork (excluding lard)	Mil. lb.	10,281	10,957	11,605	11,412	11,841	12,360	120	113	104
Total meats	Mil. lb.	22,100	26,612	28,208	28,585	28,961	30,490	138	115	105
Poultry and eggs 2/										
Eggs	Mil. doz.	5,086	5,475	5,329	5,315	5,354	5,308	104	97	99
Chicken (ready-to-cook)	Mil. lb.	2,753	4,880	5,228	5,828	5,830	6,070	220	124	104
Turkey (ready-to-cook)	Mil. lb.	492	1,065	1,162	1,506	1,302	1,340	272	126	103
Dairy products										
Total milk	Bil. lb.	3/116.3	123.3	122.8	125.3	125.8	124.6	107	101	99
Cheese 4/	Mil. lb.	1,160	1,396	1,478	1,635	1,585	1,628	140	117	103
Condensed and evaporated milk	Mil. lb.	3,497	2,789	2,666	2,631	2,407	2,370	68	85	98
Ice cream (product weight)	Mil. lb.	2,758	3,212	3,348	3,346	3,368	3,461	125	108	103
Fats and oils										
Butter, farm and factory (actual weight)	Mil. lb.	1,611	1,477	1,435	1,536	1,576	1,431	89	97	91
Lard 5/	Mil. lb.	2,419	2,584	2,563	2,517	2,480	2,450	101	95	99
Margarine (actual weight)	Mil. lb.	839	1,549	1,695	1,724	1,726	1,730	206	112	100
Shortening	Mil. lb.	1,434	2,022	2,313	2,456	2,689	2,550	178	126	95
Other edible fats and oils 6/	Mil. lb.	3,912	7,297	8,603	8,585	9,577	9,965	255	137	104
Total fats and oils (fat content) 7/	Mil. lb.	7,627	11,070	12,321	12,338	13,326	13,566	178	123	102
Fruits										
Fresh:										
Citrus	Mil. lb.	8,783	6,695	6,776	6,360	6,180	4,800	55	72	78
Apples (commercial)	Mil. lb.	3,775	3,972	3,472	3,827	3,777	3,800	101	96	101
Other (excluding melons)	Mil. lb.	4,493	4,082	3,911	4,003	4,057	3,996	89	98	98
Processed:										
Canned fruit	Mil. lb.	2,597	3,591	3,790	4,057	4,232	3,743	144	104	88
Canned fruit juices	Mil. lb.	2,230	2,177	2,160	2,084	2,206	2,046	92	94	93
Frozen (including juice)	Mil. lb.	416	1,557	1,620	1,741	2,037	1,212	291	78	59
Dried	Mil. lb.	961	697	694	755	719	723	75	104	101
Vegetables										
Fresh vegetables and melons 8/	Mil. lb.	22,565	24,375	26,094	25,568	25,520	26,008	115	107	102
Fresh vegetables	Mil. lb.	18,504	19,921	21,452	21,125	21,045	21,291	115	107	101
Melons	Mil. lb.	4,061	4,454	4,642	4,443	4,475	4,717	116	106	105
Canned	Mil. lb.	6,086	7,879	8,021	8,821	9,584	8,818	145	112	92
Frozen	Mil. lb.	448	1,469	1,953	2,110	2,255	2,326	519	158	103
Potatoes	Mil. cwt.	248	252	257	294	267	276	111	110	103
Sweetpotatoes	Mil. cwt.	25.3	18.2	15.4	15.2	19.4	16.1	64	88	83
Dry edible beans 9/	Mil. lb.	1,854	1,797	1,792	2,029	1,860	2,071	112	115	111
Dry field peas 9/	Mil. lb.	401	376	324	354	496	475	118	126	96
Sugar, raw basis	1,000 short tons	2,066	2,732	3,076	3,176	3,279	3,726	180	136	114
Grains										
Wheat	Mil. bu.	1,251	1,178	1,357	1,235	1,094	1,138	91	97	104
Rye	Mil. bu.	23.1	28.3	33.1	27.5	40.8	29.4	127	104	72
Rice, milled	Mil. lb.	2,333	2,867	3,529	3,637	3,661	4,487	192	156	123
Corn, grain only	Mil. bu.	2,788	3,409	3,908	3,626	3,637	4,082	146	120	112
Oats	Mil. bu.	1,294	1,248	1,155	1,011	1,020	981	76	79	96
Barley	Mil. bu.	279	447	431	396	436	400	143	89	92
Peanuts, farmers' stock basis	Mil. lb.	2,128	1,613	1,786	1,740	1,810	1,975	93	122	109

1/ Calendar year basis except for fresh citrus fruit for which the season begins in the fall of the previous year; dried fruits on a pack year beginning year indicated; rice on a marketing year ending year indicated. Data for Alaska and Hawaii are not included.
2/ Includes an allowance for nonfarm production.
3/ Includes an allowance for nonfarm production of 1.1 billion pounds in 1947-49.
4/ Excludes full skim, cottage, pot, and bakers' cheese.
5/ Includes amount used in manufactured food and nonfood products.
6/ Includes cottonseed, peanut, soybean, corn, edible olive, and oleo oils, oleo stock, oleostearine, and edible tallow later processed into margarine, shortening, cooking and salad oils, etc., and nonfood items.
7/ Includes butter, lard, and "other edible fats and oils."
8/ This series covers total commercial production for sale as fresh both for shipment to distant markets and for local markets; includes quantities not harvested. Excludes farm garden output for farm household use.
9/ Cleaned basis.

Table 9.--Retail food price indexes and Consumer Price Index, 1935-39 and 1947-49 averages, 1950-60 and 1961-63 by months

(Index, 1957-59=100)

Year and month	Food at home											Food away from home	All food	Consumer Price Index
	Meat 1/	Poultry 2/	Fish	Eggs	Dairy products 3/	Fats and oils 4/	Fruits and vegetables	Cereal and bakery products	Sugar and sweets	Beverages	Total			
1935-39	37.8	68.7	28.9	60.3	45.9	65.4	39.6	45.6	48.3	27.5	42.6	5/	41.9	48.7
1947-49	86.7	132.5	86.4	122.7	88.3	117.9	80.9	75.5	85.4	56.1	86.1	5/	84.7	81.5
1950	91.4	126.1	89.0	104.7	84.7	94.2	79.0	78.8	86.9	85.9	87.1	5/	85.8	83.8
1951	103.6	132.1	101.6	127.4	94.5	110.3	86.3	86.0	90.1	94.7	96.9	5/	95.4	90.5
1952	102.6	132.6	99.0	116.3	98.5	93.5	94.8	88.1	90.9	95.3	98.6	5/	97.1	92.5
1953	95.8	129.3	95.3	123.2	96.8	93.9	91.8	89.8	91.9	97.9	96.8	89.3	95.6	93.2
1954	95.3	116.7	95.8	103.1	93.7	98.9	90.5	91.9	93.8	116.3	96.3	90.9	95.4	93.6
1955	87.7	121.5	93.9	106.5	93.6	95.9	91.8	93.4	95.8	104.2	94.4	91.8	94.0	93.3
1956	84.8	106.5	93.8	105.9	96.0	98.0	96.3	94.7	93.6	108.9	94.8	93.6	94.7	94.7
1957	94.2	103.8	95.0	100.9	98.8	102.4	96.0	98.4	96.3	108.1	97.9	97.1	97.8	98.0
1958	104.9	102.6	101.6	106.1	100.3	101.2	102.8	100.4	100.7	100.5	102.2	100.0	101.9	100.7
1959	101.0	93.5	103.4	92.9	101.0	96.5	101.2	101.2	102.9	91.3	99.7	102.8	100.3	101.5
1960	99.2	95.0	103.5	100.1	103.2	92.1	103.8	103.2	103.4	90.7	100.6	105.5	101.4	103.1
1961	100.5	85.8	105.8	100.1	104.7	98.5	104.2	105.5	101.3	90.7	101.5	107.8	102.6	104.2
Jan.	102.0	92.7	104.7	111.5	105.2	94.5	102.0	104.9	101.6	90.7	102.0	106.6	102.8	103.8
Feb.	101.9	94.6	105.5	105.6	105.1	94.7	102.9	105.1	101.5	91.2	102.1	106.8	102.9	103.9
Mar.	101.5	94.8	105.0	100.9	104.7	96.5	103.4	105.3	101.5	90.7	101.8	107.1	102.7	103.9
Apr.	100.8	92.3	105.2	93.4	104.2	98.2	106.3	105.4	101.5	91.1	101.8	107.3	102.7	103.9
May	99.7	86.6	105.5	90.3	103.8	99.5	107.0	105.4	101.5	90.9	101.3	107.4	102.3	103.8
June	98.8	81.6	104.9	89.9	103.6	100.4	109.5	105.4	101.5	91.2	101.4	107.6	102.5	104.0
July	99.2	82.0	105.5	98.2	104.2	100.5	111.8	105.1	101.4	91.1	102.4	108.0	103.4	104.4
Aug.	99.7	82.8	105.5	97.7	104.7	99.9	107.1	105.3	101.4	91.0	101.7	107.9	102.7	104.3
Sept.	101.2	80.9	105.8	104.0	105.1	99.9	102.3	105.4	100.9	90.7	101.4	108.6	102.6	104.6
Oct.	101.6	79.9	106.5	108.2	105.1	99.5	99.4	105.7	101.2	90.5	101.2	108.7	102.5	104.6
Nov.	100.3	79.2	107.3	102.6	105.5	99.4	98.4	106.3	101.0	89.9	100.5	109.0	101.9	104.6
Dec.	99.9	82.6	108.0	99.0	105.6	99.4	99.8	106.3	101.0	89.6	100.6	109.1	102.0	104.5
1962	102.5	90.7	110.3	94.6	104.1	98.5	105.0	107.6	101.4	89.3	102.2	110.7	103.6	105.4
Jan.	100.4	90.0	108.7	99.7	105.6	99.5	100.6	106.6	101.0	89.5	101.2	109.2	102.5	104.5
Feb.	100.6	95.0	109.6	100.0	105.1	99.5	102.9	107.1	101.3	89.4	101.9	109.5	103.1	104.8
Mar.	100.5	94.9	109.6	94.0	105.0	99.7	104.4	107.3	101.2	89.1	101.9	109.7	103.2	105.0
Apr.	100.7	89.6	110.2	89.2	103.7	99.7	108.6	107.3	101.1	89.2	102.1	109.9	103.4	105.2
May	100.2	88.2	110.5	85.5	103.0	99.8	109.4	107.5	101.1	89.2	101.9	110.1	103.2	105.2
June	100.2	89.0	110.7	81.3	102.7	99.0	111.9	107.4	101.3	89.1	102.1	110.6	103.5	105.3
July	101.8	87.9	110.6	84.6	103.5	98.4	109.9	107.9	101.5	89.2	102.4	110.9	103.8	105.5
Aug.	103.6	89.9	110.9	89.8	103.9	98.0	105.2	107.8	101.5	89.4	102.3	111.4	103.8	105.5
Sept.	107.8	93.1	110.8	103.1	104.2	97.0	102.2	107.9	101.7	89.8	103.5	111.5	104.8	106.1
Oct.	105.4	91.0	110.7	104.6	104.3	97.1	102.0	108.0	101.7	89.6	102.9	111.8	104.3	106.0
Nov.	104.5	92.5	110.2	101.1	104.2	97.1	102.1	108.4	101.9	88.9	102.6	111.9	104.1	106.0
Dec.	104.1	86.8	111.4	101.8	103.9	96.8	100.2	108.2	101.8	88.7	101.9	112.2	103.5	105.8
1963 6/	100.8	89.3	109.9	96.0	103.8	95.7	111.0	109.1	110.1	90.4	103.5	113.2	105.1	106.7
Jan.	103.6	90.0	111.0	103.1	103.8	96.8	106.4	108.7	102.0	88.9	103.2	112.3	104.7	106.0
Feb.	102.8	91.0	110.0	100.1	103.6	96.8	109.4	109.2	102.6	89.1	103.5	112.5	105.0	106.1
Mar.	101.2	91.1	110.4	98.6	103.5	96.2	109.6	109.1	102.9	88.9	103.0	112.6	104.6	106.2
Apr.	98.3	89.8	110.5	96.1	102.9	96.0	112.0	109.2	103.1	88.7	102.6	112.8	104.3	106.2
May	98.1	88.5	111.1	85.2	102.8	95.5	113.9	109.3	106.0	89.2	102.5	112.9	104.2	106.2
June	98.6	89.4	110.3	83.6	102.8	95.3	115.6	109.2	121.2	89.9	103.4	113.0	105.0	106.6
July	100.9	88.9	109.7	88.2	103.3	95.4	118.7	109.2	117.9	91.3	104.8	113.1	106.2	107.1
Aug.	102.6	88.1	109.1	91.7	104.2	95.7	114.2	109.1	114.0	92.0	104.5	113.3	106.0	107.1
Sept.	102.6	89.0	109.2	102.8	104.3	95.4	108.1	109.1	110.0	91.8	103.8	113.6	105.4	107.1
Oct.	101.4	88.5	108.8	103.6	104.6	95.2	106.3	109.1	109.9	91.6	103.2	114.0	104.9	107.2
Nov.	100.4	88.5	109.5	99.2	104.8	95.1	108.2	109.1	114.3	91.8	103.4	114.0	105.1	107.4
Dec.	99.7	89.0	109.7	99.6	105.0	95.4	109.8	109.0	117.0	92.1	103.7	114.3	105.4	107.6

1/ Beef, veal, lamb and mutton, pork, and processed meat. 2/ Chicken is only item included. 3/ Includes butter. 4/ Excludes butter. 5/ Data not collected prior to 1953. 6/ Average computed by Economic Research Service.

Bureau of Labor Statistics.

INDEX TO SPECIAL ARTICLES APPEARING IN THE NATIONAL FOOD SITUATION DURING 1963 1/

Enrichment and Fortification of Foods, 1957-61, NFS-106, November 1963.
Food Consumption Under the Food Stamp Program, NFS-105, August 1963.
Imports for Civilian Food, NFS-104, May 1963.
Nutritional Review, NFS-106, November 1963.
Prices and Consumption of Meat and Poultry, NFS-104, May 1963.
Seasonality in Retail Food Prices, NFS-106, November 1963.
World Food Situation, NFS-106, November 1963.
World Food Congress, NFS-105, August 1963.

1/ This list has appeared in the first-quarter issue of the National Food Situation each year since 1946.

The National Food Situation is published in January, May, August and November.

The next issue is scheduled for release in May 1964.

SELECTED RECENT ARTICLES, REPORTS AND SPEECHES 1/

Consumption and Demand

Coffee Drinking in the United States, Pan-American Coffee Bureau, Winter 1963, 16 pp. 2/

"The Cycles in Broilers," by Herman Bluestone. Poultry and Egg Situation, PES-226, July 1963, pp. 13-18.

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"World Markets for American Agriculture," address by Orville L. Freeman. 13 pp.

"A Profile of Agriculture Projected to 1968," by Rex F. Daly. 15 pp.

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Food Outlook

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Outlook for the following commodities:

Livestock and meats, by Anthony S. Rojko and Donald Seaborg. 5 pp.
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Dairy products, by A. G. Mathis and Robert H. Miller. 4 pp.
Fats, oils, and oilseeds, by George W. Kromer. 13 pp.
Peanuts, by George W. Kromer. 4 pp.
Fruits and tree nuts, by Ben H. Pubols. 3 pp.
Vegetables and potatoes, by Will M. Simmons and Donald S. Kuryloski. 3 pp.
Wheat, by William R. Askew. 4 pp.
Rice, by William R. Askew. 3 pp.

1/ Unless otherwise indicated, items listed are ERS publications and may be obtained from the Division of Information, Division of Management Services, U. S. Department of Agriculture, Washington, D. C. 20250. 2/ Available from Pan-American Coffee Bureau, 120 Wall Street, New York 5, N.Y. 3/ For sale by Superintendent of Documents, U. S. Government Printing Office, Washington, D. C. 20402. 4/ Available from Marketing Information Division, Agricultural Marketing Service, U. S. Department of Agriculture, Washington, D. C. 20250. 5/ Food Research Institute, Stanford University, Stanford California. Annual subscription, $7.00. Single copy, $2.50. 6/ Available from Agricultural Research Service, Information Division, Publications Branch, Federal Center Building, Hyattsville, Maryland 20781.

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NFS-107 The National Food Situation

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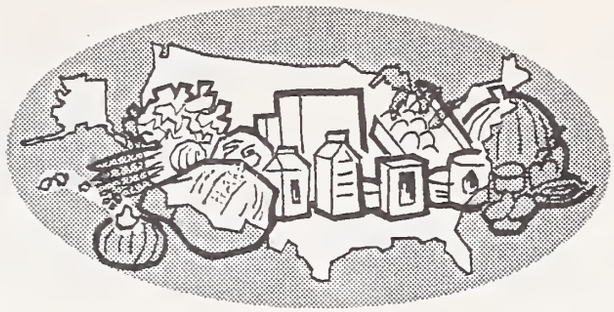
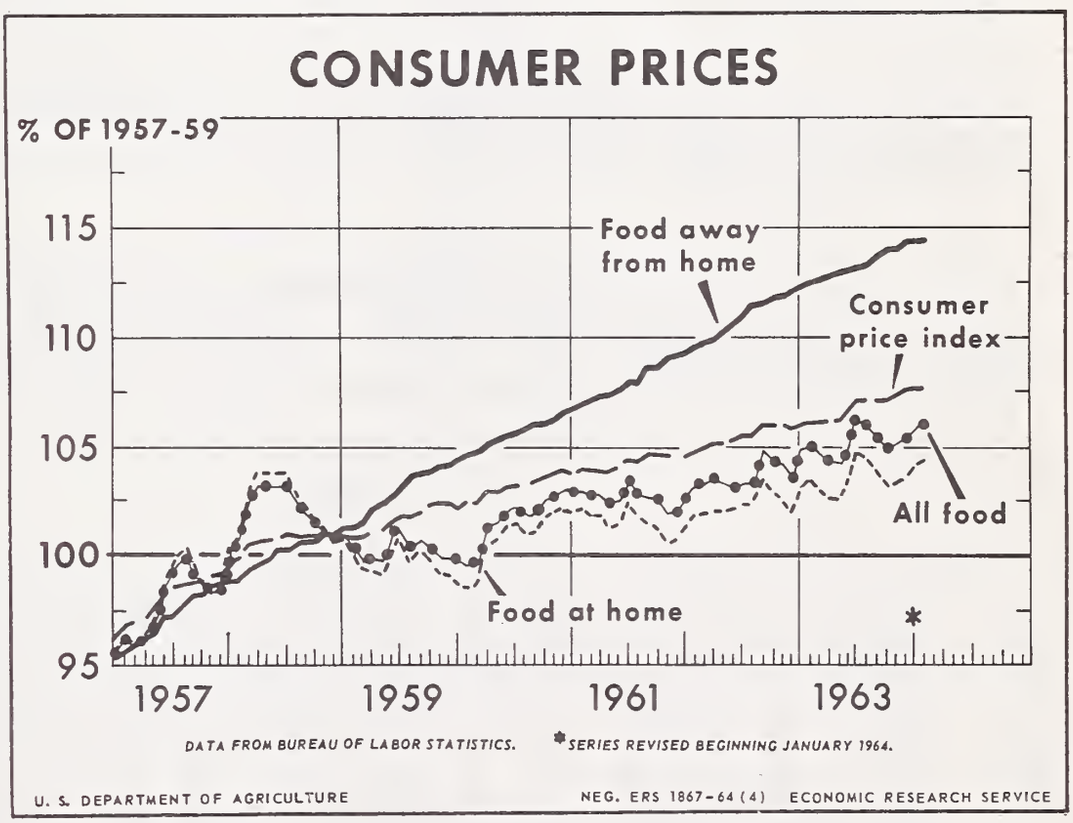
NATIONAL FOOD SITUATION



NFS-108 For Release May 9, P. M. MAY 1964

The average consumer price of food purchased and consumed away from home continued to rise last year at a faster rate than did prices of food at home (purchased in food stores). The average consumer price of all food advanced 1.4 percent in 1963. This increase slightly exceeded the 1.2 percent advance for all items in the Consumer Price Index. However, since 1957-59 the Consumer Price Index increased more than food--a total of 6.7 percent compared with 5.1 percent for food.

The first quarter 1964 average price of all food was 1 percent above the year-earlier quarter. Sharply higher prices prevailed for fresh vegetables, sugar, and coffee, but lower prices were posted on beef and poultry meat.



IN THIS ISSUE

Consumer Price Index Revision
Imports as a Source of Food
Coffee Supplies and Prices

Published quarterly by
ECONOMIC RESEARCH SERVICE • U. S. DEPARTMENT OF AGRICULTURE

Table 1.--Volume of farm marketings and home consumption

(Index numbers, 1947-49=100)

Item	1935-39 average	1956	1957	1958	1959 1/	1960 1/	1961 1/	1962 1/	1963 1/	1964 Indication 1/ 2/	1964 as a percentage of 1935-39	1964 as a percentage of 1963
Marketings and home consumption of all farm commodities 3/	73	117	112	119	124	127	128	130	133	134	184	101
Food marketings and home consumption	75	116	113	116	120	121	125	125	127	129	172	101
Marketing	69	121	118	122	127	129	133	133	137	139	201	101
Home consumption	122	73	70	65	62	57	52	49	46	45	37	98
Food grains 4/	54	90	78	109	104	114	111	99	105	108	200	103
Vegetables 5/	88	101	100	100	101	102	106	107	109	110	125	101
Fruit and nuts 6/	89	105	103	103	110	104	107	109	104	103	116	99
Sugar crops	106	107	122	120	130	134	148	150	197	206	194	105
Total food crops 7/	74	96	91	105	104	107	109	104	108	110	149	102
Meat animals	73	125	120	1/117	125	126	129	130	134	135	185	101
Poultry and eggs	63	134	137	1/145	151	150	162	161	166	172	273	104
Dairy products	88	110	111	1/110	109	110	112	113	112	113	128	101
Total food livestock 8/	75	123	121	1/120	126	126	131	132	134	136	181	101
Nonfood marketing	69	121	108	131	138	146	139	147	151	151	219	100

1/ Incorporates revisions based on the 1959 Census of Agriculture. 2/ Indications for 1964 are based on calendar-year quantities estimated as of April 1, 1964. 3/ Food and nonfood items. 4/ Wheat, rye, rice and buckwheat. 5/ Truck crops for fresh use and processing potatoes, sweetpotatoes, dry edible beans, dry field peas, mung beans. 6/ Except peanuts. 7/ In addition to the crops listed above, includes peanuts, peppermint, popcorn, spearmint, and vegetables grown under glass. 8/ Also includes honey, but excludes turkey hatching eggs.

Table 2.--Food consumption per capita 1/

(Index, 1947-49=100)

Selected years	Meat	Poultry	Fish	Eggs	Dairy, excluding butter	Fats and oils, including butter	Fruits: Fresh	Fruits: Processed	Fruits: Total	Vegetables: Fresh	Vegetables: Processed 2/	Vegetables: Total 3/	Potatoes and sweetpotatoes	Beans, peas, nuts	Cereal products	Sugar and sirups	Coffee, tea and cocoa	All food
1910	99	76	107	78	69	104	106	21	79	93	24	72	184	79	131	59	58	87.6
1920	92	69	114	77	79	94	111	44	89	96	33	77	144	77	113	69	70	86.9
1930	87	79	98	85	82	117	104	51	87	102	51	87	122	91	115	93	73	90.7
1940	96	80	102	82	86	119	109	82	100	106	71	95	112	110	105	94	90	95.4
1941	97	86	108	80	88	120	113	77	102	103	75	95	118	108	106	102	93	97.3
1942	96	97	84	81	95	115	97	75	90	106	83	99	120	113	107	86	77	96.2
1943	100	120	75	88	95	101	87	65	80	109	74	98	121	103	119	84	73	97.4
1944	106	107	84	90	97	99	104	65	92	114	78	103	128	107	108	92	86	100.4
1945	100	118	94	102	103	94	103	82	96	117	94	110	114	109	114	76	89	101.4
1946	104	109	101	96	108	95	103	112	106	111	106	109	114	104	113	81	109	104.1
1947	105	99	96	99	103	100	105	96	102	103	99	102	112	97	101	103	97	102.2
1948	98	97	101	101	99	99	99	100	99	101	99	101	92	103	100	98	101	98.9
1949	97	104	102	100	98	101	96	104	99	96	101	97	96	100	99	100	103	98.9
1950	97	113	111	102	98	108	85	113	94	92	109	98	93	110	98	111	92	100.2
1951	93	119	106	104	98	98	88	112	95	90	113	97	93	100	101	103	94	98.3
1952	98	122	105	104	99	101	85	126	98	88	119	98	84	99	99	107	94	100.3
1953	105	122	103	101	98	101	84	130	98	85	123	97	88	96	97	106	96	101.4
1954	104	129	104	100	99	106	80	131	96	84	124	96	88	94	95	109	85	101.3
1955	109	121	97	99	100	106	77	141	97	83	130	98	88	91	90	109	86	102.1
1956	112	136	98	98	101	106	76	142	97	83	134	99	84	97	91	111	88	103.8
1957	107	144	97	96	99	104	75	145	97	81	135	98	86	94	90	109	89	102.2
1958	101	156	102	95	97	105	76	137	95	79	143	99	81	93	92	110	89	101.3
1959	106	161	102	94	97	107	78	141	98	78	147	100	83	98	90	110	90	103.3
1960	108	158	100	90	97	106	73	148	97	81	152	104	82	95	90	110	89	103.0
1961	107	174	103	87	94	105	69	146	93	81	155	104	82	99	89	110	90	103.2
1962 4/	109	171	103	87	94	106	67	151	93	80	164	106	80	94	87	111	91	103.3
1963 4/	113	173	102	85	94	108	64	138	87	79	164	106	80	98	88	111	89	104.1
1964 5/	113	179	102	84	94	108	66	136	88	80	167	107	79	99	88	111	88	104.6

1/ Civilian consumption, starting 1941. Quantities of food items (using retail store weights) are combined in terms of 1947-49 retail prices. Ingredients of mixed foods are included in the primary groups given. Includes home-produced as well as commercial quantities. Revisions to incorporate Census of Agriculture changes and to reprice and rebase to the 1957-59 period are planned. 2/ Includes all soups and baby food. 3/ Excludes beans and peas, potatoes and sweetpotatoes. 4/ Preliminary. 5/ Indication.

NATIONAL FOOD SITUATION

Approved by the Outlook and Situation Board, May 1, 1964

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SUMMARY

* A generally strong economy, paced by a tax cut early in the year, is providing the setting for an advancing demand for food and other farm products in 1964. Marketings of food products are running 1 percent above a year earlier and farm production is expected to continue large. Food supplies will be abundant and stocks of wheat and dairy products by yearend are expected to be lower than a year earlier.

* Food expenditures rose sharply in first quarter 1964 as after-tax consumer incomes rose. Sales in eating and drinking places rose 7 percent and sales in food stores were ahead 3½ percent.

* For the year, food expenditures are expected to exceed last year's $75½ billion by 3½ to 4 percent, compared with a 3 percent increase in 1963. The 1964 upturn hinges primarily on a prospective 6 percent spurt in total disposable personal income and a 1½ percent growth in population. Retail food prices are expected to rise at least as much as last year's 1½ percent increase. Per capita food consumption probably will inch upward, and the volume of marketing services likely will rise. An acceleration of the switch from buying food in food stores to buying it away from home is anticipated. If it materializes, marketing costs will climb further.

* Per capita food consumption is expected to rise half of 1 percent this year -- slightly less than last year's gain. Increased consumption of beef, chicken, turkey, and fruits and vegetables will likely more than offset less pork and lamb. The rise is expected to be less pronounced in the second than in the first half of the year.

* Retail prices advanced half of 1 percent between the last quarter of 1963 and first quarter 1964. First quarter prices averaged 1 percent higher than a year earlier, despite lower prices for livestock food products. Beef and veal prices averaged 6 percent lower and poultry prices 4 percent lower. But, crop food prices averaged 3 percent higher than a year earlier in the first quarter. Substantially higher prices were posted for sugar and sweets, coffee, and fresh vegetables. For the year, retail prices of livestock products may average about steady with 1963, but food crop prices -- heavily weighted by fruits and vegetables -- probably will again average higher. Prices of food away from home are expected to continue rising 2 to 2½ percent as usual.

* The Consumer Price Index, including its food component, was revised beginning January 1964. New weights were introduced into the index based on a consumer survey of expenditures in 1960-61. It was expanded to include single workers, a larger sample of cities, and more items. Probability sampling was introduced and other refinements made. During the first three months of its use, food prices advanced slightly faster based on the new than based on the old series. (See special article, "Consumer Price Index Revision," p. 18.)

* The value of total agricultural exports rose 11 percent between 1962 and 1963; quantity rose 9 percent. Poor crop conditions in Western Europe and U.S.S.R. prompted much of the rise. Large gains were made in exports of crop products -- including wheat, soybeans, cotton, and tobacco -- but percentage-wise, exports of livestock products rose more, led by dairy products. Imports were up 4 percent last year on both a value and quantity basis. Net exports (over imports) of agricultural products rose to $1.6 from $1.2 billion dollars. For 1964, exports are expected to continue last year's upturn. In particular, exports of wheat, soybeans, and cotton are increasing. The volume of food imports is expected to dip sharply. Meat imports are being curtailed sharply, according to announced export intentions of Australia and New Zealand.

* Imports provided about 14 percent of total U. S. food consumption in 1963, up from 11½ percent in 1955. U. S. exports took 10 percent of food products and about 17 percent of nonfood products produced on U. S. farms last year. A larger proportion of crop products than of animal products are imported for U. S. food use. Crop imports consist largely of noncompetitive tropical products. About 5 percent of total animal products used for food (including large amounts of fish) were imported in 1963. (See special article, "The Importance of Imports as a Source of Civilian Food," p. 25).

* Retail coffee prices recently advanced sharply following several years of decline. The U. S. average retail price of canned coffee increased 9 cents per pound between September 1963 and March 1964; the wholesale price of green beans at New York increased 16 cents per pound during this period. The wholesale price rise was traced to trade response to deteriorating current and future crop conditions in Brazil, the world's leading producer. (See special article, "Coffee Supplies and Prices," p. 29.)

FOOD SUPPLY AND DEMAND

Strengthening Demand

A rapidly expanding economy is stepping up the demand for food. Gross national product is expanding about 6 percent this year. Since Federal personal income taxes were reduced, consumers' after tax income is rising slightly more than the value of total product. Food expenditures are expanding with these income gains, but they typically rise less rapidly than income (fig. 1). Spending for services -- those associated with food and nonfood -- has increased more rapidly than for goods in recent years. A 1½ percent growth in population and further increase in retail food prices are expected to account for most of this year's gain in food expenditures; per capita consumption of food likely will rise slightly. 1/

Industrial production of the food, beverages, and tobacco group during first quarter 1964 was 3 percent ahead of a year earlier; the gain fell short of the 6 percent increase for all industrial production. Manufacturer's shipments of food and kindred products were 9 percent larger in January-February than a year earlier, on a seasonally adjusted basis; inventories rose 1 percent. Although output of food and kindred products increased, slightly fewer employees worked slightly fewer hours in the first quarter than a year earlier. Hourly and weekly earnings each rose about 3½ percent.

Sufficient Supply

Farm production and marketings in 1964 are expected to exceed last year's level by a small margin, according to data based on early planting intentions reports and commodity specialists' estimates (tables 1 and 3). Little change

---

1/ On July 1, 1964, the U. S. population is expected to total 192 million (50 States, including Armed Forces abroad), an increase of 1.4 percent above a year earlier and equal to the year previous gain. However, it compares with a 1.6 percent rise in the year prior to July 1, 1962. Before than time annual population increases averaged 1.7 to 1.8 percent for several years. The decline in rate of increase was caused primarily by a drop in the birth rate. Projections to 1970 vary from an annual growth rate of 1.7 percent to 1.2 percent; the series most widely used in forward demand appraisals increases about 1.4 percent per year from 1963 to 1970.

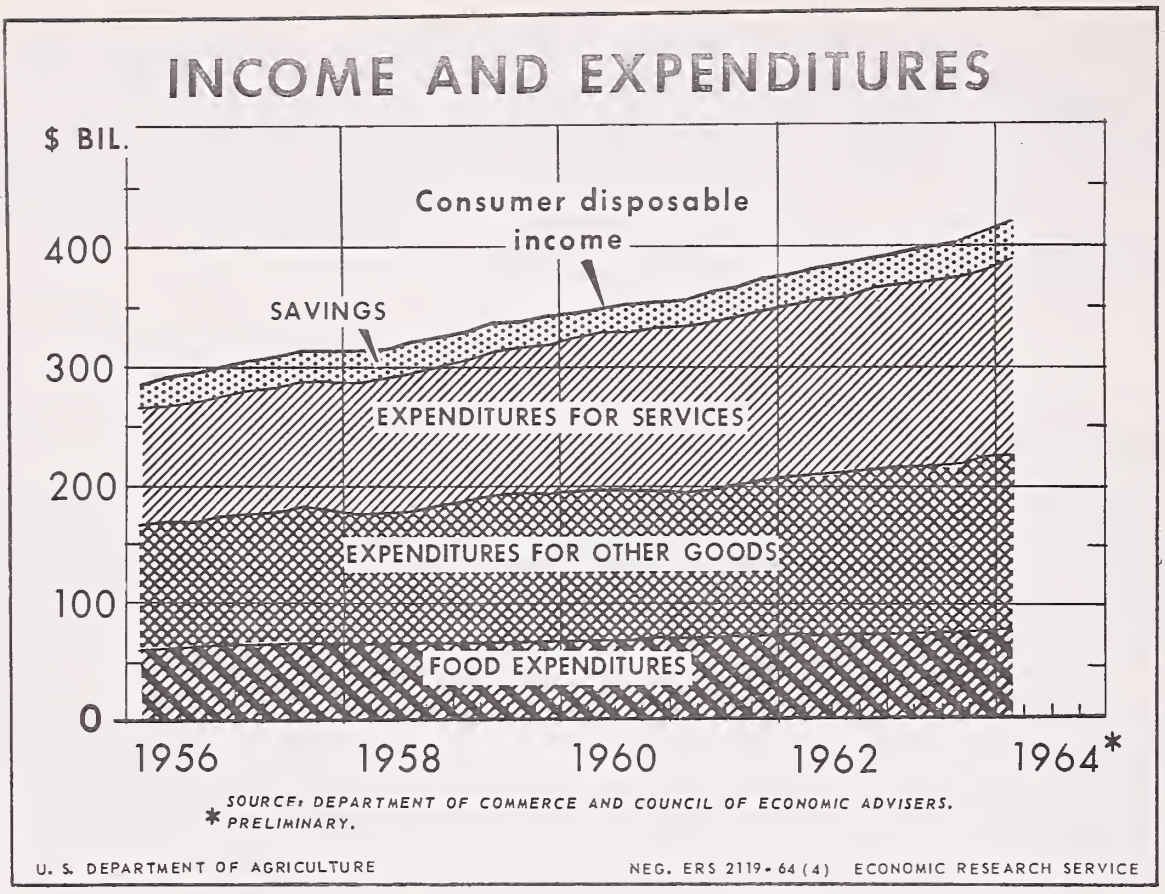

Figure 1

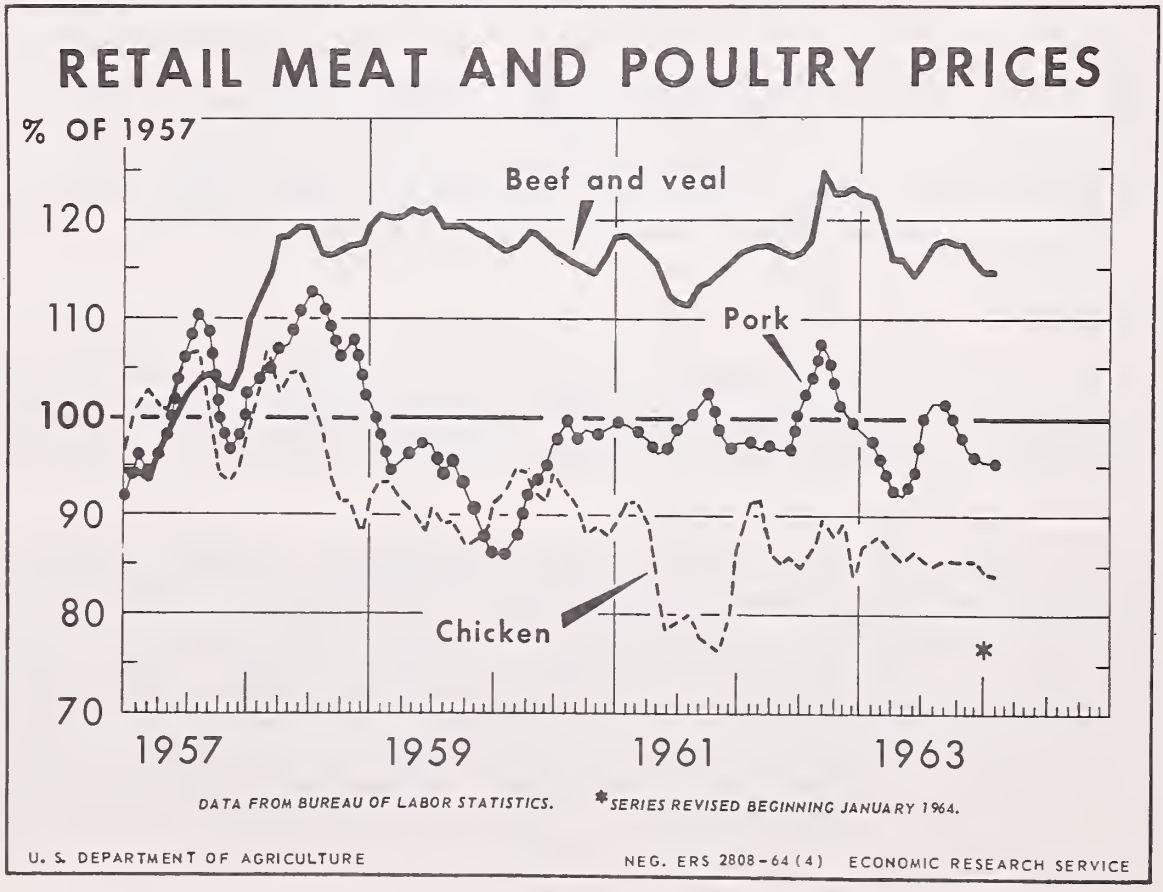

Figure 2

Table 3.--Supply-utilization of farm commodities, 1960-64 1/

(Index, 1957-59=100)

Year	New supply			Domestic use				Exports and shipments 4/	Stock change 5/
	Production	Imports 2/	Total	Food use	Feed and seed 3/	Other nonfood	Total use		
									Percent
				Section a. Total all commodities 6/					
1960	105.9	106.3	106.0	103.4	---	102.8	103.3	123.9	2.2
1961	104.6	112.6	105.5	105.6	---	103.0	105.3	124.6	-.1
1962	106.1	120.8	107.7	107.1	---	106.7	107.0	121.8	1.0
1963	110.7	125.4	112.4	110.8	---	108.4	110.5	133.1	1.4
1964 7/									
				Section b. Livestock products					
1960	103.0	105.4	103.1	103.2	94.8	102.9	103.0	97.5	8/
1961	105.7	122.0	106.3	105.2	96.4	102.0	104.9	107.8	1.2
1962	105.9	152.1	107.5	107.1	88.4	110.2	106.7	113.2	.4
1963	108.7	168.8	110.8	111.0	85.6	108.4	110.1	145.4	-.4
1964 7/									
				Section c. Crop products					
1960	107.7	106.0	107.5	103.6	104.2	102.7	103.7	127.9	3.1
1961	105.7	110.1	106.4	106.4	110.2	103.3	107.6	127.1	-1.0
1962	107.3	113.3	108.2	106.9	109.5	105.8	107.8	123.1	1.1
1963	111.7	115.4	112.2	110.3	109.9	108.4	109.9	131.3	2.3
1964 7/									

1/ Quantity index weighted by average farm prices in 1957-59. Use of farm products allocated on the basis of value of processed products. See Measuring the Supply and Utilization of Farm Commodities, Agriculture Handbook No. 91, 1955 for basic methodology. Excludes Alaska and Hawaii.

2/ Includes shipments from Alaska, Hawaii, and U. S. territories.

3/ Livestock products include eggs for hatching, milk fed to animals and inedible tallow used for feed.

4/ Includes shipments to Alaska, Hawaii, and U. S. territories.

5/ Percent of annual new supply. Includes farm, U. S. D. A., and commercial stocks. Positives indicate additions to stocks, negatives indicate reductions.

6/ Feed and seed omitted from total commodities to avoid double counting of use through livestock.

7/ Preliminary.

8/ Less than 0.05 percent.

is anticipated in total crop plantings. Small increases in plantings for the oilseeds and food grains (intentions reported before passage of 1964 legislation) may about offset declines for the feed grains. Further increases may occur in yields per acre. Production gains are indicated for wheat, citrus fruit, soybeans, and sugar (tables 3 and 14).

Total production of livestock products in 1964 may exceed last year's total, but not by as much as the previous year's increase. Production increases are likely for beef and poultry but decreases are likely for pork and lamb.

Imports of agricultural products this year may fall short of last year's volume. Meat and other livestock product imports likely will decline substantially in contrast to 1963's sharp rise; major suppliers are reducing exports. Exports of farm products are running much larger than last year and at record levels. Year-to-year gains should continue through midyear with substantial outshipments anticipated for wheat, cotton, and soybeans.

Nonfood uses of farm products are expected to rise slightly faster this year than are food uses. Total use of farm products (domestic plus export) is expected to exceed total new supply (production plus imports) in 1964. As a result, yearend stocks are expected to be reduced with sizable declines likely for wheat and dairy products -- mostly butter.

FOOD CONSUMPTION PER CAPITA

Food consumption per capita is expected to average slightly higher again this year. The increase may approximate half of 1 percent per capita, slightly less than last year's upturn (table 2). Both increases are sizable compared with the average annual increase of only 0.3 percent since 1947-49. (These data are based on a retail-price-weighted index so shifts in diet from low-valued to high-valued products show up as an increase in consumption.)

Animal Products

Red meat consumption in 1964 is expected to total slightly more than the 170 pounds per capita of 1963 (table 4). A gain of 3 to 4 pounds is in prospect for beef this year compared with last year's 5-pound jump. A large drop in pork consumption and a small decline for lamb are not expected to offset increased beef consumption. Because of larger beef supplies, total meat consumption per capita in the first half is running larger than a year earlier.

Consumption of poultry meat likely will rise from last year's 38 to 39 pounds per capita this year. Most of the gain probably is taking place in the first half of the year. The increase is being shared by both chicken and turkey. Larger egg production, particularly in the first half of the year, probably will result in 1964 per capita consumption nearly maintaining last year's rate of 315 eggs.

Table 4.--Civilian per capita consumption of major food commodities, primary distribution weight, and civilian population, selected periods 1947-64 1/

Commodity	Average 1947-49	Average 1957-59	1961	1962	1963 Preliminary	Preliminary indications for 1964	1964 as a percentage of 1947-49	1964 as a percentage of 1957-59	1964 as a percentage of 1963
	Pounds	Pounds	Pounds	Pounds	Pounds	Pounds	Percent	Percent	Percent
Meats (carcass weight) - Total	148.5	156.6	161.0	163.6	169.9	170.5	115	109	100
Beef	65.6	82.1	88.0	89.1	94.6	98	149	119	104
Veal	9.7	7.1	5.7	5.5	4.9	4.9	51	69	100
Lamb and mutton	4.8	4.4	5.1	5.2	4.9	4.6	96	105	94
Pork (excluding lard)	68.4	63.0	62.2	63.8	65.5	63	92	100	96
Fish (edible weight) - Total	10.4	10.5	10.8	10.7	10.6	10.6	102	101	100
Fresh and frozen	5.7	5.7	6.0	5.8	5.8	2/	---	---	---
Canned 3/	4.1	4.2	4.3	4.4	4.3	2/	---	---	---
Cured	.6	.6	.5	.5	.5	2/	---	---	---
Poultry products									
Eggs (farm basis) - Number	385	356	326	323	315	313	81	88	99
Chicken (ready-to-cook)	18.7	27.5	30.3	30.1	30.9	31.9	171	116	103
Turkey (ready-to-cook)	3.3	6.0	7.5	7.1	6.8	7.2	218	120	106
Dairy products									
Total milk fat solids	29.5	25.6	24.0	23.7	23.4	23.2	79	91	99
Total nonfat milk solids	42.9	43.7	42.6	42.1	41.9	41.7	97	95	100
Cheese	7.0	7.9	8.6	9.1	9.3	9.6	137	122	103
Condensed and evaporated milk	20.1	14.8	13.3	12.5	11.7	11.3	56	76	97
Fluid milk and cream	359	335	311	309	308	306	85	91	99
Ice cream (product weight)	18.7	18.4	18.0	17.9	18.1	18.3	98	99	101
Fats and oils - Total, fat content 4/	42.4	45.3	45.3	45.8	46.6	46.4	109	102	100
Butter, farm and factory (actual weight)	10.6	8.2	7.4	7.2	6.7	6.6	62	80	99
Margarine (actual weight)	5.6	8.9	9.5	9.3	9.3	9.4	168	106	101
Lard	12.4	9.3	7.7	7.2	6.5	6.3	51	68	97
Shortening	9.6	11.4	12.8	13.5	13.3	13.5	141	118	102
Other edible fats and oils	7.3	10.8	11.2	11.8	13.8	13.7	188	127	99
Fruits									
Fresh (farm weight) - Total	132.1	98.8	92.0	89.0	82.2	87.0	66	88	106
Citrus	54.8	33.5	30.4	29.0	21.9	25.3	46	76	116
Apples (commercial)	25.5	21.6	18.6	19.5	18.7	20.1	79	93	107
Other (excluding melons)	51.8	43.7	43.0	40.5	41.6	41.6	80	95	100
Processed:									
Canned fruit	18.9	22.5	23.5	23.0	23.4	22.3	118	99	95
Canned juice	15.9	13.8	13.1	13.3	14.1	12.7	80	92	90
Frozen (including juices)	3.2	8.6	8.9	9.7	7.9	8.4	262	98	106
Dried	3.9	3.3	3.1	3.0	3.3	2/	---	---	---
Vegetables									
Fresh vegetables and melons (farm weight) 5/	147.9	129.4	129.9	126.3	127.0	126	85	97	99
Fresh vegetables	120.5	104.3	105.1	103.0	102.3	103	85	99	101
Melons	27.4	25.1	24.8	23.3	24.7	23.5	86	94	95
Canned	39.1	44.5	44.7	46.3	46.5	46.4	119	104	100
Frozen	2.9	8.2	10.0	11.6	12.0	12.7	438	155	106
Potatoes (farm weight) 6/	114	103	102	99	99	99	87	96	100
Sweetpotatoes (farm weight) 6/	12.6	7.2	5.6	6.6	5.9	5.6	44	78	95
Dry edible beans	6.7	7.7	8.0	7.7	7.4	7.9	118	103	107
Sugar, refined	95.2	96.1	97.7	97.2	96.6	96.3	101	100	100
Grains									
Corn products: Cornmeal	12.9	7.7	7.2	7.0	6.9	6.8	53	88	99
Corn sirup	9.9	9.4	10.6	11.5	12.4	13.0	131	138	105
Cornstarch	1.8	1.9	1.8	1.8	1.8	1.8	100	95	100
Corn sugar	4.2	3.6	3.7	3.9	4.5	4.8	114	133	107
Breakfast cereals	1.5	1.8	1.8	1.8	1.8	1.8	120	100	100
Hominy	2.8	2.9	3.0	3.0	3.0	3.0	107	103	100
Oat food products	3.3	3.5	3.5	3.5	3.5	3.5	106	100	100
Barley food products 7/	1.6	1.0	1.0	1.0	1.0	1.0	62	100	100
Wheat:									
Flour 8/	137	120	118	115	116	116	85	97	100
Breakfast cereals	3.2	2.8	2.7	2.6	2.6	2.6	81	93	100
Rye flour	1.4	1.2	1.1	1.1	1.1	1.1	79	92	100
Rice, milled	4.9	5.6	5.9	6.2	6.4	6.4	131	114	100
Beverages									
Coffee 9/	18.2	15.8	15.9	15.9	15.5	15.2	84	96	98
Tea	.58	.60	.60	.68	.68	.69	119	115	101
Cocoa beans	4.1	4.0	4.4	4.1	4.3	4.4	107	110	102
Peanuts (shelled)	4.4	4.6	4.9	5.0	5.1	2/	---	---	---
	Million	Million	Million	Million	Million	Million			
Civilian population (48 States) 10/	145.1	171.5	180.4	183.0	185.8	188.4	129.8	109.9	101.4

1/ Quantity in pounds except for eggs which are stated in number. Data on calendar year basis except for dried fruits, which are on pack year basis; fresh citrus fruits, and peanuts on a crop year basis and rice on August 1 year. All years begin in the year indicated except for fresh citrus, which begins in October of the previous year, and rice, which begins in August of previous year. Data for Alaska and Hawaii are not incorporated except in fish statistics. 2/ Not available. 3/ Excludes canned food products containing small quantities of fish, such as clam chowder, etc. 4/ Computed from unrounded data. 5/ This series covers total commercial production for sale as fresh, both for shipment to distant markets and for local markets. Excludes farm garden output for farm household use. 6/ Quantities canned and frozen excluded; included with processed vegetables. 7/ Barley used for food products in terms of malt equivalent. 8/ Includes white, whole wheat, and semolina flour. 9/ Green bean basis. 10/ Census estimates of July 1 civilian popula-population. Used to derive per capita figures except for sugar, dried fruit, peanuts, rice and fish.

Consumption of fishery products in 1964 is expected to hold about steady with 1963's 10.6 pounds per capita. Current frozen stocks are a little larger than a year earlier--holdings of halibut and shrimp are substantially larger; ocean perch and cod fillets and steaks also are larger.

Per capita consumption of all dairy products totaled 630 pounds (milk equivalent) last year, 1 percent lower than in 1962. Cheese and ice cream consumption per capita rose slightly last year and nonfat dry milk and fluid milk and cream remained about steady. Sharp declines in per capita consumption took place for butter--despite large CCC donations--and evaporated milk.

Food from Crops

Per capita consumption of food fats and oils this year is expected to remain near the usual 46 pounds, fat content. Declines for butter and lard likely will be offset by slight increases for margarine, shortening, and the cooking and salad oils.

Per capita consumption of fresh citrus this year probably will recover partially from last year's 8 pound drop. Most of the recovery is due to increased production of Florida Valencia oranges. Fresh peach production in the Southern States, reduced by freeze damage, will affect marketings in June-August. However, normal peach supplies will be available from California. About as many bananas, the leading fresh fruit, will be available this year as last. Canned fruit and juice supplies currently are not as large as a year earlier, because of last year's reduced pack.

Despite freeze-damage to early season fresh vegetables, per capita consumption of total fresh vegetables may slightly exceed 1963's total. Although total supplies of processed vegetables currently are smaller than a year earlier, stocks of nearly every canned and frozen item is ample to heavy--adequate to sustain high level consumption.

Potato supplies this spring are expected to be much smaller than last spring. Carryover stocks are smaller and production probably will be down sharply. But summer and fall production may climb back to year-earlier levels. Per capita consumption of dry edible beans is expected to rise slightly this year.

Little change is anticipated in consumption of cereal and bakery products. Per capita consumption of white and whole wheat flour may remain near last year's 112 pounds. Historically, consumption of total cereal products has trended slightly downward.

Sugar consumption is expected to remain near that of last year, but consumption of other sweeteners--such as corn sugar, corn sirup, and noncaloric sweeteners--is expected to rise again this year.

Coffee consumption averaged 15½ pounds per capita in 1963. Normally, consumption is not very responsive to price changes. However, the sharp runup in prices and the higher level indicated for the year, may result in a slight reduction in per capita consumption of coffee.

RETAIL FOOD PRICES

Average retail food prices are expected to continue upward this year (cover chart). Last year's 1½ percent rise likely will be equaled and perhaps even exceeded this year, despite steady to possibly lower retail prices for livestock products. Retail prices of foods from crops rose an average of 4 percent last year although livestock product prices declined 1 percent. Again this year, price increases are expected to center on crop products. Prices of food away from home typically rise more rapidly than prices of food at home; another 2 to 2½ percent rise is likely this year. (See table 15, p. 43, for historic price trends.)

Although average food prices normally are steady between the fourth quarter and the following first quarter, this year prices averaged half of 1 percent higher. Average retail food prices typically rise seasonally to a midyear peak; current wholesale price trends suggest no more than a seasonal advance.

Animal Product Prices Lower

Prospective supplies of beef, poultry, and eggs suggest that retail prices of these products may average lower in 1964 than in 1963. Pork and lamb prices are expected to strengthen due to anticipated lower slaughter. Prices of dairy products and fish each are expected to remain steady or rise slightly. The average for the animal group may be little changed for the year.

During the first quarter, meat and poultry prices averaged well below relatively high levels of a year earlier and peaks reached in the latter half of 1962 (fig. 2). Prices of each of the meats were lower than a year earlier--beef and veal prices were lower by 6 percent, chicken by 4 percent. Prices of dairy products in the first quarter were a little higher than a year earlier. Beef and egg prices are expected to average below year-earlier levels through the balance of the year. Pork prices in the latter half of 1964 likely will average well above last year.

Crop Product Prices Higher

Higher retail prices for the year are anticipated for most of the major groups of foods from crops. Vegetable oils and fruit are exceptions. Sugar and sweets and coffee prices are expected to average well above 1963. Prices of cereal and bakery products may increase further but the rise is not expected to be as large as usual. Vegetable prices may average slightly higher for the year.

Early last year, high prices of citrus fruits pushed the average for fruits and vegetables up sharply. This year weather damage to early-season vegetables was responsible for advancing prices, but on a smaller scale. During the first quarter, average fruit and vegetable prices were 2 percent higher than a year earlier (5 percent higher using CPI'S new series). Potato prices this spring are running considerably above a year earlier because of smaller production. Fresh fruit prices are expected to continue slightly lower than a year earlier in coming months, primarily since citrus supplies are larger. Prices on processed items probably will stay above last year's levels as stocks of most items are below a year earlier.

Prices of sugar and sweets averaged 15 percent higher in first quarter 1964 than a year earlier; last year's upsurge began in the second quarter. Price increases have been noted recently for most sweets.

Coffee prices have risen sharply in recent months following a decline that had lasted for several years. (See fig. 3 and special article, "Coffee Supplies and Prices," p. 29.) For the first quarter, prices averaged 8 percent above last year for both instant and regular coffees. Higher retail prices resulted from sharply rising green bean prices. Poor crop conditions in Brazil, the world's leading coffee producer, primarily are responsible for sharply altered world supply.

Cereal and bakery product prices in 1963 averaged 9 percent above the 1957-59 average. It represents an average annual rise of nearly 2 percent per year--one of the stronger upward price trends among commodity groups. Cereal and bakery product prices are expected to rise only 1 percent this year, despite the impact of the new wheat law. As explained more fully in the commodity statement on page 41, the total cost of wheat to millers (including the cost of the wheat certificates) is not expected to differ significantly from that paid in recent years.

FOOD EXPENDITURES

Food expenditures in 1964 are expected to exceed last year's $75\frac{1}{2}$ billion by around $3\frac{1}{2}$ to 4 percent. This is greater than last year's 3 percent rise, due primarily to the greater increase expected in disposable income. Population growth accounts for about $1\frac{1}{2}$ percent of the expected increase and per capita food consumption for about half of 1 percent. A further increase in retail food prices and a larger volume of marketing services account for the balance of the anticipated expenditure gain. Per capita food expenditures may exceed 1963's $399 by 2 to $2\frac{1}{2}$ percent. Food expenditures in first quarter 1964 were about 4 percent above first quarter 1963 and well above the final quarter of 1963.

The projected level of food expenditures for 1964 would take about $18\frac{1}{2}$ percent of prospective disposable income (table 5). Historically, food expenditures have increased in total but declined as a percentage of disposable income

Table 5 .--Food expenditures as proportion of disposable income, 1929-63

Year	Expenditures for food 1/	Civilian expenditures for U. S. farm foods 2/		
		Total	Farm value	Total marketing bill
	Percent	Percent	Percent	Percent
1929	23.5	20.3	8.7	11.6
1930	24.2	21.9	8.6	13.3
1931	23.1	20.8	7.4	13.4
1932	23.4	22.4	7.0	15.4
1933	23.7	23.9	7.9	16.0
1934	23.4	23.3	8.3	3/14.4
1935	23.4	21.6	8.6	3/12.5
1936	23.0	21.1	8.8	12.3
1937	23.1	19.9	8.4	11.5
1938	23.8	20.7	7.9	12.8
1939	22.3	19.6	7.4	12.2
1940	22.0	19.3	7.4	11.9
1941	20.9	18.3	7.6	10.7
1942	20.2	17.9	7.9	10.0
1943	20.8	17.8	8.5	4/9.4
1944	20.9	16.6	7.9	4/9.1
1945	22.7	17.8	8.4	4/9.9
1946	25.3	20.9	9.8	4/11.4
1947	26.9	23.2	11.0	12.2
1948	25.4	22.3	10.2	12.1
1949	24.5	21.5	8.9	12.6
1950	22.8	20.0	8.5	11.5
1951	23.5	20.4	8.8	11.6
1952	23.4	20.2	8.3	11.9
1953	22.4	19.1	7.6	11.5
1954	22.4	18.8	7.1	11.7
1955	21.6	18.3	6.7	11.6
1956	21.3	17.9	6.4	11.5
1957	21.1	17.7	6.3	11.4
1958	21.2	18.1	6.5	11.6
1959	20.2	17.5	5.9	11.6
1960	19.9	17.5	5.9	11.6
1961	19.5	17.2	5.7	11.5
1962	19.1	16.7	5.6	11.1
1963	18.8	16.7	5.3	11.4

1/ Department of Commerce, personal consumption expenditures for food, less alcoholic beverages. 2/ Computed by Economic Research Service. This series omits imported foods, fish and other seafoods, home-produced food, and food furnished the Armed Forces; it implicitly includes the value of the following items omitted from the Commerce series: Meals charged as a business expense, meals served patients in hospitals and persons living in institutions, food distributed free by Government agencies, and meals served by airlines, camps, and other agencies that do not make separate charges for food. 3/ Excluding Federal processor taxes. 4/ Includes U. S. Government payments to processors.

since reaching a postwar high of 27 percent in 1947. High prices and reaction to wartime shortages contributed to the sharp rise after World War II. However, the long-run downtrend in percentage of income spent for food was resumed. For every 1 percent increase in disposable income since 1951, food expenditures rose only 0.6 percent. As a result expenditures for food as a percent of income declined.

U. S. Farm Food Expenditures

Civilian expenditures for foods originating on U. S. farms totaled $67 billion in 1963. It too has declined consistently in postwar years as a percentage of disposable income (table 5). Civilian expenditures for U. S. farm foods covers the total farm value of food marketed and the total cost of marketing the rising volume of food. Marketing services include processing, packaging, handling, and moving that takes place between the farmer and the food store check-out counter or the restaurant table. Increases in the total marketing bill have tended to rise at about the same rate as those for disposable income over time, indicating an elasticity of food expenditures relative to income of nearly 1.0--a 1 percent rise in income is usually accompanied by nearly a 1 percent rise in the bill for marketing services associated with food. The decline in proportion of income spent for food has usually been reflected in a decline in farm value as a percentage of disposable income. Consumers buy more and more food marketing services with their food and pay less of their incomes for the total package, leaving a larger share of their incomes for nonfood goods and services.

Because of the close association between the marketing bill and income, the 6 percent increase in disposable income anticipated for 1964 probably will mean close to a corresponding rise in the marketing bill for U. S. farm products. In 1963, the total marketing bill rose 6½ percent. Unit marketing charges rose 4 percent last year so an increase in volume of marketing services exceeded population growth. A further increase in volume of marketing services is expected in 1964.

In 1963, the farm value of domestic food was equal to only 5 percent of disposable personal income, the lowest proportion since records began in 1929. This does not imply that total farm value has declined--over time it has crept upward slightly, reaching $21 billion in 1963. Rather, U. S. disposable personal income and total food expenditures both have increased at a faster rate than has the farm value of food.

Food Store Sales

Retail food store sales rose 2.7 percent between 1962 and 1963; prices of food used at home increased 1.4 percent and population expanded 1.3 percent. Food store sales rose only about half as fast last year as did sales of all retail stores. On a seasonally adjusted basis, food store sales in fourth quarter 1963 did not reach the level of the third quarter. First quarter 1964 sales exceeded the year-earlier quarter by about 3½ percent. An early Easter season and the tax cut stimulated sales toward the end of the quarter.

Regional estimates of retail food store sales progressively increased by quarters in 1963, not adjusted for seasonality or trading-day differences (table 6). Compared with a year earlier (9 month basis), sales increased most rapidly in the South and least rapidly in the West.

Sales by eating and drinking places in 1963 were 4 percent larger than a year earlier with larger gains in the first than in the second half of the year. During the first quarter, sales were up sharply--7 percent above a year earlier, on a seasonally adjusted basis. This sharp upturn, compared with the rise for food store sales, suggests a further trend toward eating away from home. Such a trend increases the demand for marketing services so total marketing costs may rise proportionately.

Table 6.--Regional estimates of retail food store sales, 1963 1/

Region	First quarter	Second quarter	Third quarter	Fourth quarter	Total year
	Bil. dol.	Bil. dol.	Bil. dol.	Bil. dol.	Bil. dol.
U. S. total	14.2	14.7	15.0	15.3	59.2
Northeast	4.0	4.1	4.2	4.3	16.6
North Central	3.9	4.1	4.1	4.3	16.5
South	3.7	3.9	4.0	4.0	15.6
West	2.6	2.6	2.7	2.7	10.5

1/ Not adjusted for seasonality or trading day differences. Note: Data reported only since April 1962. Derived from Bureau of the Census, Current Retail Trade Report.

FOREIGN TRADE

The value of exports of agricultural products in 1963 rose substantially--11 percent--from 1962 (table 7). The quantity exported rose about 9 percent (table 3). Larger exports resulted from an upturn in economic activity in most industrialized countries and from reduced crops in Western Europe and the Soviet Union. The value and quantity of agricultural imports each rose 4 percent between 1962 and 1963. In recent years, the value of U. S. agricultural exports has exceeded the value of imports. Net exports of agricultural products increased significantly last year, to $1.6 billion from $1.2 billion in 1962. Exports of agricultural products proportionately rose more than those of nonagricultural products last year, but imports expanded at a lower rate.

Shipments of wheat and flour accounted for the largest part of the increase in value of agricultural exports last year. Dollar sales gained in the latter half of the year as shipments to Western Europe expanded. Several other products equaled or exceeded the proportional gains in wheat. Animal product exports--up relatively more than crop products--were spearheaded by a jump in dairy product shipments, largely butter and butter oil from CCC stocks. Exports of soybeans, lard, inedible tallow, and marine oils rose substantially; principal

Table 7 .--Value of exports and imports for consumption, by commodity, 1962 and 1963

Commodity	Exports			Imports			Net exports	
	1962	1963	Change	1962	1963	Change	1962	1963
	Million dollars	Million dollars	Percent	Million dollars	Million dollars	Percent	Million dollars	Million dollars
Animal products								
Meat	76	98	+29	485	542	+12	-409	-444
Live animals	21	28	+31	122	81	-34	-101	-53
Hides and skins	83	74	-11	63	59	-6	+20	+15
Animal fats and oils	147	174	+18	1	1	+8	+146	+173
Dairy	130	181	+39	54	55	+2	+76	+126
Poultry and eggs	89	77	-3	1	1	0	+88	+76
Wool, total	11	14	+28	209	226	+8	-198	-212
Other	32	36	+13	65	70	+8	-33	-34
Total animal	589	682	+16	1,000	1,035	+4	-411	-353
Crop products								
Bananas	0	0	0	77	82	+6	-77	-82
Other fruits	286	279	-2	88	104	+18	+198	+175
Nuts	16	22	+38	60	68	+13	-44	-46
Vegetables	148	174	+18	83	91	+10	+65	+83
Sugar, cane	0	0	0	505	611	+21	-505	-611
Coffee	29	32	+9	989	957	-3	-960	-925
Cocoa beans and products	0	0	0	151	155	+3	-151	-155
Tea	0	0	0	60	58	-3	-60	-58
Rice	153	172	+12	1	1/	-82	+152	+172
Wheat and flour	1,134	1,326	+17	8	9	+10	+1,126	+1,317
Soybeans	406	473	+17	0	0	0	+406	+473
Oils and other oilseeds	318	346	+9	155	148	-5	+163	+198
Feed grains	861	931	+8	31	35	+12	+830	+896
Tobacco, unmanufactured	373	402	+8	101	99	-2	+272	+303
Cotton	537	587	+9	30	28	-7	+507	+559
Rubber	0	0	0	228	197	-14	-228	-197
Other	181	158	-13	301	335	+11	-120	-177
Total crops	4,442	4,902	+10	2,868	2,977	+4	+1,574	+1,925
Total Agriculture	5,031	5,584	+11	3,868	4,012	+4	+1,163	+1,572
Partly competitive 2/	---	---	---	2,128	2,293	+8	---	---
Noncompetitive 3/	---	---	---	1,740	1,719	-1	---	---
Total Nonagriculture	16,252	17,334	+7	12,381	13,020	+5	+3,871	+4,314
Total United States	21,283	22,918	+8	16,249	17,032	+5	+5,034	+5,886

1/ Less than 0.5 million dollars.
2/ Often termed supplementary.
3/ Often termed complementary; includes such nondomestic items as bananas, coffee, tea, cocoa beans, and rubber.

Source: Bureau of Census data reported in Foreign Agricultural Trade of the United States.

outlets were Japan and Western Europe. Reduced foreign production and a change in the cotton export program permitting CCC stocks to be sold at competitive prices caused cotton exports to rise last year, particularly late in the year. Feed grain shipments increased 8 percent for the year but were 14 percent larger during the latter half of the year; large corn shipments went to Japan.

Commercial sales for dollars again accounted for about 71 percent of total agricultural exports in 1963. The half billion dollar increase in value of exports was nearly all in dollar sales. Dollar sales of agricultural products, at $4 billion, equaled total imports of agricultural products last year for the first time since World War II.

The quantity of sugar imports declined but value, caused by a price hike, increased. The value of imports of animal and crop products each rose by about the same proportion between 1962 and 1963, but the quantity increase for animal product imports exceeded that of crop products. The increase was in products which partially compete with U. S. grown products--up 8 percent. Gains in meat and sugar imports figured prominently in this group. The value of noncompetitive imports, such as bananas, coffee, and cocoa beans, declined by 1 percent.

Net exports of U. S. agricultural products are concentrated largely among the crop products. Between 1962 and 1963, net crop exports increased and net animal product imports declined, despite rising meat imports. Principal net exports last year included food and feed grains, oils and oilseeds, cotton, and tobacco. Among animal products, U. S. net exports were the largest for fats and oils and dairy products. Large imports took place for noncompetitive commodities such as coffee, tea, cocoa, bananas, rubber, and certain vegetable oils. Competitive net imports of sizable magnitudes included sugar, meat products, and wool, but about half of U. S. wool imports last year were noncompetitive carpet wools.

Quantity of U. S. agricultural exports in 1964 probably will rise from last year, as demand continues strong in areas having reduced crops last season. Larger exports are expected for wheat, feed grains, and cotton. Import volume is expected to decline sharply this year. Beef imports are being curtailed; in January and February, beef and veal imports were 11 percent lower than a year earlier. Most of the decline was in shipments from Australia and New Zealand who have indicated their intentions of reducing exports to the United States by 27 percent in 1964. The market for beef in the United Kingdom and Europe recently has improved relative to that of the United States. Coffee imports may decline as a result of higher prices and record large stocks. However, since coffee is the largest valued U. S. food import, the recent spurt in prices may increase the total value of imports.

CONSUMER PRICE INDEX REVISION 1/

Beginning with January 1964, the Bureau of Labor Statistics (BLS) revised the Consumer Price Index (CPI) to reflect a more up-to-date expenditure pattern, to incorporate improvements in statistical procedures, and to broaden coverage of the sample. Previously published indexes will not be revised so, in essence, a new index was begun using essentially the same computational procedure. Its purpose remains that of measuring changes in prices, not cost of living as often supposed.

Food prices in the first 3 months were up more when using the new than when using the old series, but the total CPI averaged the same in the 2 series.

New Weighting Factors

A consumer expenditure survey was conducted in 66 cities in 1960-61. The survey disclosed that expenditure patterns had changed substantially since the previous survey in 1950. Index-weighting factors of prices were changed accordingly in the new series. Food dropped in importance from 28 percent of total CPI in the old series to only 22 percent in the new series, a drop of one-fifth (table 8). Housing, transportation, and health and recreation each increased in relative importance in the CPI at the expense of food. Clothing remained about the same. Commodities as a group declined in relative importance as services rose. Housing was moved out of the services group in the new series.

The declining importance of food in the CPI reflects substantial postwar shifts in the composition of consumer expenditures. Food expenditures dropped from 23 percent of disposable income in 1950 to 19 percent in 1963 (table 5). Expenditures for services (which in the National Income Accounts include housing and transportation) rose from 31 to 38 percent during the same period.

The importance of food purchased for use at home declined relative to all food while food consumed away from home rose (table 8). The prepared and partially prepared food group (mixed foods) gained the most among food groups. Poultry ran a close second. Meats and processed fruits and vegetables also

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1/ By Stephen J. Hiemstra, Food Consumption and Utilization Section, Economic and Statistical Analysis Division, ERS. Adapted from U. S. Department of Labor, "An Abbreviated Description of the Revised Consumer Price Index" and "Major Changes in the Consumer Price Index," March 3, 1964; Jaffe, Sidney A., "The Statistical and Conceptual Structure of the Consumer Price Index as Revised" and Rothwell, Doris P., "The Consumer Price Index; Pricing and Calculation Procedures," papers presented before the Washington Chapter of the American Statistical Association, George Washington University, March 17, 1964.

Table 8.--Relative importance of Consumer Price Index components new and old series, December 1963

Components	New series		Old series 1/	
	Percent of all items	Percent of major groups	Percent of all items	Percent of major groups
All items	100.00	---	100.00	---
Food	22.43	100.00	28.18	100.00
Food at home	17.89	79.76	23.11	82.01
Meats	4.45	19.84	5.21	18.49
Fish	.45	2.01	.56	1.99
Poultry	.73	3.25	.66	2.34
Eggs	.64	2.85	1.01	3.58
Dairy products	2.80	12.48	3.81	13.52
Fats and oils	.55	2.45	.80	2.84
Fresh fruits	.76	3.39	1.53	5.43
Fresh vegetables	.94	4.19	1.38	4.90
Processed fruits and vegetables	1.32	5.89	1.55	5.50
Cereals	.80	3.57	.98	3.48
Bakery products	1.65	7.36	2.29	8.13
Sugar and sweets	.64	2.85	1.00	3.55
Nonalcoholic beverages	1.01	4.50	1.30	4.61
Prepared and partially prepared foods	1.15	5.13	1.03	3.65
Food away from home	4.54	20.24	5.07	17.99
Housing	33.23	100.00	30.71	100.00
Shelter	20.15	60.64	18.34	59.72
Rent	5.50	16.55	6.16	20.06
Hotel and motel rates	.38	1.14	---	---
Homeownership	14.27	42.95	12.18	39.66
Fuel and utilities	5.26	15.83	4.91	15.99
Fuel oil and coal	.73	2.20	1.21	3.94
Gas and electricity	2.71	8.15	2.11	6.87
Other utilities	1.82	5.48	1.59	5.18
Household furnishings and operation	7.82	23.53	7.46	24.29
Furniture	1.44	4.33	1.55	5.05
Appliances	1.36	4.09	1.71	5.57
Other	5.02	15.11	4.20	13.67
Apparel and upkeep	10.63	100.00	10.58	100.00
Men's and boys'	2.86	26.91	2.79	26.37
Women's and girls'	4.08	38.38	3.67	34.69
Footwear	1.51	14.20	1.41	13.33
Other apparel	2.18	20.51	2.71	25.61
Transportation	13.88	100.00	11.65	100.00
Private	12.64	91.07	9.98	85.67
Public	1.24	8.93	1.67	14.33
Health and Recreation	19.45	100.00	18.03	100.00
Medical care	5.70	29.30	5.88	32.61
Personal care	2.75	14.14	2.27	12.59
Reading and recreation	5.94	30.54	5.57	30.89
Other goods and services	5.06	26.02	4.31	23.91
Miscellaneous 2/	.38	---	.85	---
Special groups:				
Commodities	65.97	100.00	67.73	100.00
Durable	18.78	28.47	17.53	25.88
Nondurable	47.19	71.53	50.20	74.12
Services	34.03	100.00	32.27	100.00

1/ Individual items reclassified according to new series classification. 2/ Not actually priced; imputed to priced items. Compiled from the Bureau of Labor Statistics.

gained in importance relative to all food. Within the meat group, beef and veal increased slightly while pork declined sharply. Cereals, fish, and nonalcoholic beverages remained about unchanged. Fresh fruits declined more in relative importance than any other food group. Other food groups undergoing declines were eggs, sugar and sweets, fresh vegetables, dairy products, and bakery products.

These shifts in relative weights are generally in line with trends in food consumption. Between 1950 and 1963, per capita consumption of poultry increased 53 percent and beef 50 percent. Processed fruit and vegetable consumption each increased sharply as their fresh counterparts declined (table 2). Egg consumption per capita declined 17 percent and total dairy products were down 15 percent on a milk equivalent basis.

Broadened Coverage

Previously, the CPI was designed to reflect only expenditures of families of urban wage earners and clerical workers of 2 or more persons with annual incomes of less than $10,000. The revised weighting diagram was broadened to include single workers as well as families and to eliminate the upper income limit. Over half of the total urban population and about 40 percent of the U. S. total is now represented.

Sample pricing was expanded from 46 to 50 cities; 6 more will be added in 1966. The new sample of 1,525 food stores is located in suburbs, for the first time, as well as central cities. As before, visits are made to food stores on Tuesdays, Wednesdays, and Thursdays--the same day each month for a given store. Special sale prices are recorded when found; collected prices include sales tax. The total number of items was increased from 325 to about 400; nearly a fourth of the total are foods. The new food sample dropped about 30 items found in the old series and added about 40. Only about two-thirds of the food items are carryovers.

Separate indexes are being published for families and single persons combined and for families alone (2 or more persons). Single workers made up $10\frac{1}{2}$ percent of the total number of the 1960-61 survey, but only 6 percent of total expenditures. Only indexes for families and singles combined are being published for major cities. BLS plans to discontinue publishing average food prices for individual cities after June 1964.

Based on the first 3 month's experience, the retail food price index rose slightly faster in terms of the new than in terms of the old series (table 9). This more rapid rise was particularly noticeable for the food-at-home component; food away from home rose more slowly in the new than in the old series. Conflicting trends occurred among food groups: Fruit and vegetable prices rose much more rapidly and poultry prices declined more slowly in the new than the old series. Counterbalancing was a slower price rise for sugar and sweets and a decline in fish when using the new series. The index based on the sample that included single workers changed about the same as that of families alone.

Table 9.--Revised Consumer Price Index: Comparison of "old" and "new" series, selected items December 1963 and January-March 1964

Item	Index, 1957-59=100										Percentage change December 1963 to March 1964		
		Old series			New series 1/							New series	
					Families and singles			Excluding singles					
	Dec. 1963	Jan. 1964	Feb. 1964	Mar. 1964	Jan. 1964	Feb. 1964	Mar. 1964	Jan. 1964	Feb. 1964	Mar. 1964	Old series	Families and singles	Excluding singles
											Percent	Percent	Percent
Consumer Price Index	107.6	107.6	107.6	107.8	107.7	107.6	107.7	107.7	107.6	107.7	0.2	0.1	0.1
All food	105.4	105.7	105.8	105.6	105.8	106.0	105.7	105.8	106.0	105.7	.2	.3	.3
Food at home	103.7	104.0	104.0	103.8	104.2	104.4	104.0	104.2	104.3	103.9	.1	.3	.2
Meat, poultry, fish	99.2	98.2	98.2	97.6	98.3	98.3	97.2	98.3	98.3	97.2	-1.6	-2.0	-2.0
Meat	99.7	98.7	98.9	98.3	99.0	99.0	97.9	4/	4/	4/	-1.4	-1.8	---
Poultry	89.0	87.0	85.6	85.6	87.4	87.1	86.5	4/	4/	4/	-3.8	-2.8	---
Fish	109.7	109.9	109.9	109.2	108.8	108.5	107.1	4/	4/	4/	-.5	-2.4	---
Eggs	99.6	104.9	101.6	93.7	106.0	101.4	93.3	4/	4/	4/	-5.9	-6.3	---
Dairy products 2/	105.0	105.0	104.7	104.7	105.0	104.8	104.5	105.0	104.8	104.5	-.3	-.5	-.5
Fats and oils 3/	95.4	95.9	95.5	95.6	4/	4/	4/	4/	4/	4/	.2	---	---
Fruits and vegetables	109.8	110.7	111.2	111.8	112.4	113.9	115.1	112.5	113.8	115.0	1.8	4.8	4.7
Cereals and bakery products	109.0	109.1	109.1	109.1	109.1	109.0	108.8	109.1	109.0	108.8	.1	-.2	-.2
Sugar and sweets	117.0	118.9	119.9	118.6	117.9	118.3	117.6	4/	4/	4/	1.4	.5	---
Beverages	92.1	93.4	95.7	98.8	93.4	95.7	98.6	4/	4/	4/	7.3	7.1	---
Food away from home	114.3	114.4	114.6	114.9	114.3	114.4	114.7	114.3	114.4	114.7	.5	.3	.3

1/ Updated to reflect the buying pattern of urban wage earners and clerical workers in 1960-61. 2/ Includes butter. 3/ Excludes butter. 4/ Not available.

Compiled from data of the Bureau of Labor Statistics.

Statistical Improvements

Probability sampling and weighting are used as much as practical in the revision. Two replicated samples were drawn so statistical errors can be associated with the index for the first time. Items were divided into "52 expenditure classes," 15 of which are food groups. Items within expenditure classes that accounted for a large percentage of the class were preselected. These so-called certainty items are weighted according to their importance in the 1960-61 survey. The remaining items, selected on a probability basis, bear equal weights within a class; their weights have no relation to proportion of expenditures found in the survey. In the old series, only the most important items were priced. Weights were determined by the importance of the item adjusted for allocation of omitted minor items.

The new procedure facilitates the introduction of new and different items between major weight revisions. Since items in each expenditure class were independently drawn by probability (other than those preselected), they can be redrawn if subsequent changes in expenditures warrant or if new items are added to the class. However, the new procedure has shortcomings for economic analyses of individual items. Since many of the more important items of a commodity group no longer are being priced, probably less pricing information of general interest now is available. For example, in the fats and oils expenditure class, salad oil and Italian salad dressing are now being priced in place of shortening, lard, peanut butter, and cooked salad dressing; margarine remains as a certainty item (table 10). Several of the food expenditure classes contain no certainty items. Nevertheless, statistically improved properties of the index will make it more useful in certain econometric analyses. Economic Research Service, among others, likely will continue to find it an important source of data for demand analyses.

Identical items are priced from month to month as long as sample items remain volume movers. However, if another item meeting the specification appears to outsell significantly a previously priced item, then a substitution takes place. If a specified item is not available in a sample store then a substitute product is priced. The most difficult conceptual problem in the CPI remains that of distinguishing between price and quality change. As before, it is handled by ignoring minor deviations in specifications, and by linking substantive changes based on price comparisons of altered items. Such linking may induce overcorrections to the extent that price comparisons at the time of introduction overstate costs.

Table 10.--Food items priced in revised Consumer Price Index

Item	Expenditure class	Item	Expenditure class
Food		Fresh fruits	7
		Apples 2/	
Food at home		Bananas 2/	
Cereals and bakery products		Oranges, size 200 2/	
Cereals and grain products	1	Orange juice, fresh 1/	
Flour		Grapefruit	
Cracker meal 1/		Grapes	
Corn flakes		Strawberries	
Rice		Watermelon	
Bakery products	2	Fresh vegetables	8
Bread, white 2/		Potatoes 2/	
Bread, whole wheat 1/		Onions	
Cookies		Asparagus 1/	
Layer cake 1/		Cabbage	
Cinnamon rolls 1/		Carrots	
Meats, poultry and fish		Celery	
Meats	3	Cucumbers 1/	
Beef and veal		Peppers, green 1/	
Steak, round 2/		Lettuce 2/	
Steak, sirloin 2/		Spinach 1/	
Steak, porterhouse 1/ 2/		Tomatoes 2/	
Rump roast 1/		Processed fruits and vegetables	9
Rib roast		Processed fruits	
Chuck roast		Fruit cocktail	
Hamburger 2/		Pears 1/	
Beef liver 1/		Grapefruit-Pineapple juice 1/	
Veal cutlets		Orange juice concentrate	
Pork		Lemonade concentrate	
Chops 2/		Processed vegetables	
Loin roast 1/		Beets 1/	
Pork sausage 1/		Peas, green	
Ham, whole		Tomatoes	
Picnics		Dried beans	
Bacon 2/		Broccoli, frozen 1/	
Other meats		Other food at home	
Lamb chops 1/		Eggs, grade A, large 2/	10
Frankfurters		Fats and oils	11
Ham, canned 1/		Margarine 2/	
Bologna sausage 1/		Salad dressing, Italian 1/	
Salami sausage 1/		Salad or cooking oil 1/	
Liverwurst sausage 1/		Sugar and sweets	12
Poultry	4	Sugar	
Frying chicken 2/		Grape jelly	
Chicken breasts 1/		Chocolate bar	
Turkey 1/		Syrup, chocolate flavored 1/	
Fish	5	Nonalcoholic beverages	13
Shrimp, frozen 1/		Coffee, can and bag 2/	
Fish fillets		Coffee, instant	
Tuna fish, canned		Tea bags	
Sardines, canned 1/		Cola drink	
Dairy products	6	Carbonated drinks 1/	
Milk, fresh, grocery 2/		Prepared and partially prepared foods	14
Milk, fresh, delivered 2/		Bean soup 1/	
Milk, fresh, skim 1/		Chicken soup 1/	
Milk evaporated		Spaghetti 1/	
Ice cream		Mashed potatoes, instant 1/	
Cheese, American process		Potatoes, french fried, frozen	
Butter 2/		Baby foods	
Fruits and vegetables		Sweet pickle relish 1/	
Fresh fruits and vegetables		Pretzels 1/	
		Food away from home	15

1/ Items not priced in old series. 2/ Certainty items.

The computational procedure remains essentially unchanged. Price relatives (percentage change from the previous period plus 100) are calculated for each item. 2/ They are based on average prices for the same reporting outlets in consecutive periods within a city. Expenditure weights, composed of base quantity weights and current prices, are computed and aggregated by city. Current expenditure weights are compared with previous-period expenditure weights and are weighted by population from the 1960 Census to yield current indexes by expenditure class, city, and U. S. city average. City food prices are weighted averages of average prices for chain grocery, large independent, and small independent outlets. The weighted city averages, in turn, make up the U. S. city average.

2/ CPI continues to be a fixed-quantity-weighted price index. Conceptually, it is a Laspeyres index modified by having quantity weights refer to a different base period from that of prices. Computationally, an equivalent formula is used:

$$I_n = I_{n-1} \left[\frac{\sum_j P_{n-1,j}\, Q_{aj} \dfrac{\bar{P}_n}{\bar{P}_{n-1}}}{\sum_j P_{n-1,j}\, Q_{aj}} \right]$$

where I_n is the current period index, P_n is current period price, $\bar{P}_n$ is the average price of an individual sample item in the current period and Q_a is quantity found in the survey. Although constant physical quantities are implicit, price relatives ($\bar{P}_n$ / $\bar{P}_{n-1}$) are applied to previous period values (P_{n-1} Q_a) in deriving current period values (P_n Q_a) which are termed "relative importance" when put in percentage terms (table 8).

THE IMPORTANCE OF IMPORTS AS A SOURCE OF CIVILIAN FOOD 1/

About 14 percent of all food used by civilians in 1963 was imported or shipped into the 48 contiguous States (table 11). This proportion includes large imports and inshipments from Alaska of fishery products and complementary as well as competitive products. It compares with 10 percent of food and 17 percent of nonfood products produced on U. S. farms going for export or outshipment. Imports as a source of U. S. food have increased slightly in recent years -- up from 11½ percent of the total in 1955. However, exports of U. S. farm food products increased even more -- up from only 6 percent of the total in 1955.

Imports are a much more important supply source for crop products used for food (excluding feed and nonfood uses) than for animal products used for food. Last year only 5 percent of total animal products used for food were imported, contrasted with 34 percent of crop products. Since 1955, there has been some increase in the share of U. S. consumption of animal products imported; little change has taken place in the share of crop products imported. However, animal products made up only about a fifth of the total value of all food imports last year; the other four-fifths were crop products (table 7).

About 9 percent of U. S. civilian food use of beef and veal was imported in 1963. 2/ Although the percentage of total supply is relatively small, it has increased in recent years. And since beef and veal represent a large part of the U. S. total meat supply, the total value is larger than that of any other single animal product group. Most of the imported beef and veal comes in as processed or manufacturing grade meat; little fresh and frozen beef is imported. 3/ Relatively more beef than veal is imported. Future imports may not expand as they have in the past because of import agreements recently reached between the United States and the major foreign suppliers: Australia, New Zealand, and Ireland. The agreements cover beef and veal in all forms other than canned, cured, and cooked meats and live animals. Imports this year will be limited by the agreements to about the average of 1962-63, but a sizable volunteer reduction has been announced by major exporting countries.

1/ By Stephen J. Hiemstra, Acting Head, Food Consumption and Utilization Section, Economic Research Service.

2/ For an analysis of meat imports and exports relative to U. S. production see "U. S. Foreign Trade in Livestock and Livestock Products" by George R. Rockwell, Jr., Livestock and Meat Situation, LMS-137 (May 1964).

3/ For a study of the beef import situation, see Livestock and Meat Situation, LMS-134 (November 1963) and for details on the import agreements see LMS-136 (March 1964).

Table 11.--Proportions of U. S. food consumption supplied by imports, by product group, 1955-63 1/

Group	1955	1956	1957	1958	1959	1960	1961	1962	1963 2/
	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent
Crops 3/									
Coffee, tea, cocoa	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Bananas	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Other fruit	6.0	6.3	6.0	6.2	5.7	6.3	7.9	8.3	8.7
Oils and oilseeds, total	18.9	15.5	16.0	16.1	13.9	12.8	14.6	16.7	14.4
U. S. crops 4/	4.6	.7	.5	1.0	.5	.4	.6	.8	.6
Sugar and sirups	69.2	68.8	67.5	66.5	67.2	66.0	63.8	64.1	61.4
Treenuts, total	33.9	29.9	32.3	34.4	31.2	30.3	24.6	35.5	24.5
U. S. crops 5/	10.4	8.4	7.0	10.9	10.0	7.0	4.9	4.4	3.6
Vegetables	1.1	1.3	1.2	1.7	1.6	1.7	1.7	1.7	1.7
Food grains	.8	1.1	1.2	.7	.8	.7	.6	.6	.5
Feed grains	.2	.3	.4	.2	.1	.1	.1	.1	.1
All crops	33.6	33.8	34.6	34.0	34.5	34.3	34.7	34.5	34.3
Animal products									
Beef and veal	1.4	1.2	2.3	5.6	6.4	4.4	5.7	7.7	8.8
Pork and lard	1.5	1.2	1.3	1.7	1.4	1.5	1.5	1.8	1.6
Lamb	.1	6/	.1	1.1	1.2	1.6	1.4	1.6	1.5
Mutton	2.1	2.1	7.0	45.9	72.5	61.0	65.2	71.8	74.6
Dairy products	.3	.3	.3	.4	.4	.4	.5	.5	.6
Poultry and eggs	6/	6/	6/	6/	6/	6/	6/	6/	6/
Honey	3.8	2.2	1.9	1.5	1.8	4.6	3.2	2.6	.9
Fishery products	34.9	36.8	37.8	40.7	39.4	37.0	36.5	42.2	47.4
All animal products	1.7	1.7	2.1	3.3	3.6	3.0	3.4	4.4	4.9
All food	11.5	11.5	12.1	13.0	13.3	12.8	13.2	13.8	14.1

1/ Quantities weighted using 1957-59 U. S. average farm and wharf prices, except dock prices used for products not commercially produced in the United States. Amount imported for civilian food use divided by total civilian food use. Use of an imported item was assumed proportional to domestic use. U. S. consumption based on 48 contiguous States only; imports include major shipments from Territories, Alaska, and Hawaii.

2/ Preliminary.

3/ Excluding indirect use through livestock.

4/ Total of peanuts, cottonseed, soybeans, and sunflower.

5/ Total of almonds, filberts, walnuts, and pecans.

6/ Less than 0.05 percent.

Imports (including shipments from Alaska) supplied nearly half of U. S. consumption of fishery products last year. Most imported fishery products are fresh or frozen although large quantities are canned. The proportion of U. S. consumption supplied from abroad increased sharply between 1961 and 1963. Fishery products made up about a fourth of the total value of imported animal products last year.

Imports, largely from Australia, have provided a substantial part of U. S. mutton consumption since about 1958. Mutton (not including lamb) is confined primarily to use in mixtures with other meats in processed products. An import agreement recently reached with Australia will prevent substantial increases in mutton imports in the future. Even though overseas suppliers provide a large share of mutton consumption, domestic suppliers produce all except $1\frac{1}{2}$ percent of total requirements of lamb.

Many of the imported crop products used for food are not grown commercially in the United States. These include coffee, tea, cocoa beans, bananas, pineapples, many of the treenuts, and several oils and oilseeds (Hawaii is excluded). Coffee is the most important food in this group; it accounts for nearly half the value of food imports and for over half of the value of all crop imports. Cocoa beans, bananas,and pineapples also are important imported items.

About a sixth of U. S. food consumption of oils and oilseeds normally is imported. Most of these imports are not commercially grown in the United States. They include copra, coconut oil, olive oil, sesame, palm kernels, and palm fruits. 4/ Only a fraction of the food consumption of the oils and oilseeds domestically grown is supplied by imports. An analogous situation exists for treenuts: A fourth to a third of total U. S. consumption is imported but imported items consist largely of treenuts not grown commercially in the United States. They include pignolias, pistachios, Brazil nuts, cashew nuts, and chestnuts.

Sugars and sirups is the most important imported group of crops that competes directly with U. S. production. Imports have furnished a declining proportion of requirements over the years as U. S. sugar production has increased. Well over half of the 48 States' needs were imported or shipped in last year, but the proportion is below half if production of Hawaii and the territories is included with that of the 48 States. Nearly all of U. S. consumption of maple sugar and about half of the maple sirup was imported last year.

4/ For a recent analysis of U. S. consumption of copra and coconut oil see Fats and Oils Situation, FOS-222 (March 1964).

Imports supplied little of the U. S. civilian consumption of the remaining major food groups. More than 98 percent of U. S. consumption of pork, total dairy products, vegetables, food grains, and feed grains was domestically produced last year. Despite quota restrictions imposed under Section 22 of the Agricultural Adjustment Act, certain nonquota cheeses and other specialty dairy items have been imported in increasing volume in recent years. However, limiting agreements recently have been reached with major exporting countries. Pork imports also consist largely of specialty items such as Polish canned hams. Vegetable imports largely are limited to out-of-season items except for mustard and a few specialties, most of which are imported. About a tenth of the U. S. supply of rye has been imported recently; most other grain imports have been negligible compared with U. S. supplies.

About 77 percent of total U. S. imports of agricultural products (excluding fish) in 1962 was used for civilian food. Imports of nonfood items accounted for 14 percent. Wool was the major nonfood import last year; tobacco and cotton were next in line. The remaining 9 percent of total agricultural imports consisted of nonfood use of food products and military use. The United States imports more food than nonfood agricultural products relative to U. S. production. For this reason, total imports of agricultural products accounted for 10 percent of total U. S. production plus imports as opposed to the 14 percent of civilian use of only food. (See figs. 4 and 5, p. 45, for a comparison of beef and total meat imports relative to production.)

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COFFEE SUPPLIES AND PRICES 1/

Historical Situation

During the decade preceding World War II, coffee producers received low wholesale coffee prices resulting from excess production. From 1931 to 1940, the wholesale price of Brazilian coffee (Santos No. 4) averaged approximately 9 cents per pound. With the outbreak of World War II, the European coffee market virtually disappeared. It had been taking 40 percent of world exports. With producing countries facing disastrous prices, the United States initiated institutional arrangements that were successful in stabilizing the wholesale price of Brazilian coffee at approximately 13 cents per pound until 1945.

During and immediately following the war the coffee market expanded substantially. U. S. per capita consumption increased from an average of 14.0 pounds (green bean equivalent) in 1935-39 to 18.2 pounds in 1945-49. This increase in demand, coupled with a return of the European market, resulted in world demand exceeding exportable production. In meeting this strong demand, carryover stocks were almost exhausted by 1949. The average price of Brazilian coffee shot up from about 13 cents per pound during the 1940-45 war period to 51 cents in 1950. In 1954, the average price of Santos No. 4 coffee beans at New York was pushed to a record 78 cents per pound due to crop-damaging frost which reduced Brazilian production.

The postwar jump in coffee prices stimulated new plantings of coffee trees in Brazil, Africa, and Central America. New plantings continued to increase through 1954 and did not begin to recede until 1958. Since there is a 3-5 year lag from the time a tree is planted until production begins, production continued to expand after new plantings were cut back in 1958.

The wholesale price of Santos No. 4 dropped from an average of 78 cents per pound in 1954 to 57 cents in 1957 as production rose. By 1957 it was becoming apparent that world coffee production was increasing faster than consumption. Brazil's 1957-58 crop of about 21 million bags was almost double the previous year's crop. In addition, increases in other countries indicated that a world surplus was building up. This situation prompted an agreement in 1957 signed by 7 Latin American countries to stabilize coffee prices through the use of export controls. This action became known as the Mexico City Agreement. As expected, exportable production exceeded demand and wholesale prices declined further despite the agreement. In 1958, 8 additional Latin American countries joined the attempt to stabilize coffee prices by forming the Latin American Coffee Agreement.

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In 1959, this agreement was expanded into the International Coffee Agreement with France and Portugal signing on behalf of their producing territories in Africa. In 1960, it was further expanded by the formal participation of the United Kingdom on behalf of her producing territories in Africa and represented 90 percent of all coffee produced. The agreement was renewed in 1961; preparation then began on a long-term agreement to include producing and consuming countries. This 5-year International Coffee Agreement was negotiated at a United Nation's conference in 1962. It was ratified by the United States in 1963 but legislation authorizing the fulfillment of our obligations as set out in the agreement is pending.

The series of annual producer coffee agreements in effect from the Mexico City Agreement to the current agreement were fairly successful in bringing about orderly marketings of coffee and in preventing a collapse in coffee prices as a world surplus increased to record proportions. At the beginning of the 1963-64 marketing year, world stocks of coffee were estimated at 65 to 70 million bags, most of which are in Brazil (table 12).

Wholesale price movements of green beans have been closely reflected in U. S. retail prices (fig. 3). The downtrend in wholesale prices since 1954 resulted in substantially reduced retail coffee prices in recent years. However, per capita consumption of regular coffee (made from Brazilian coffee) declined during the 1950's despite declining prices (table 12).

Per capita consumption of instant coffee, most of which consist of African robusta coffees, began rising about 1954 and continued to expand till 1959; since then, the consumption rate has stabilized. Initially instant coffees were priced well below those of Latin America. However, from 1961 to 1962 (the earliest reported retail prices), the retail price of instant coffee dropped 2.4 percent while the wholesale price of African robusta coffee increased 7.4 percent, even though production has been rising.

Current Situation

The wholesale price of Santos No. 4 coffee has increased rapidly since last fall. It rose from a 14-year low of 33 cents per pound in September 1963 to an average of 47 cents during the first quarter of this year. This price increase reflects trade anticipation of a sharp reduction in the 1964-65 world coffee crop and apprehension as to the size of the 1965-66 crop. Adverse weather conditions in Brazil, the world's largest producer, is expected to reduce production by more than 50 percent from the previous year. Even though large carryover stocks have been reported in Brazil, a substantial part is of questionable commercial value. However, it appears that 20 to 25 million bags of these stocks are of exportable quality. Some of the remaining stocks probably can be put into condition for export, but they may not meet quality standards of roasters in the United States.

Table 12.--Coffee prices, per capita consumption and world supplies, 1947-63

Year	U. S. retail price		U. S. wholesale price per pound		U. S. per capita consumption (green bean equivalent)		World supplies of coffee beans 3/	
	Canned and bagged (per pound) 1/	Instant coffee (per 6 ounces)	Santos #4 beans	Robusta beans	Instant coffee 2/	Total	Production	Stocks July 1
	Cents	Cents	Cents	Cents	Pounds	Pounds	Mil. bags	Mil. bags
1947	46.9	---	26.4	---	---	17.4	35.3	16.4
1948	51.4	---	26.8	---	---	18.4	34.4	17.1
1949	55.4	---	31.8	---	---	18.7	39.1	13.3
1950	79.4	---	50.9	---	---	16.2	37.7	10.8
1951	86.8	---	54.3	---	---	16.5	38.1	9.3
1952	86.8	---	54.1	---	---	16.9	39.2	7.7
1953	89.2	---	58.5	---	---	16.9	41.5	6.4
1954	110.8	---	78.3	---	1.7	14.8	44.0	6.7
1955	93.0	---	57.0	---	1.9	15.3	42.2	9.1
1956	97.2	---	58.3	---	2.6	15.5	50.3	13.8
1957	94.8	---	57.3	---	2.6	15.7	45.4	17.5
1958	79.7	---	48.9	---	2.7	15.9	55.0	18.2
1959	71.2	---	37.6	---	2.9	15.9	61.7	27.4
1960	69.6	---	36.9	---	3.0	15.8	78.9	40.4
1961	68.1	93.0	36.3	20.2	2.9	15.9	65.6	63.1
1962	69.1	90.8	34.4	21.7	2.9	15.9	71.8	63.6
1963	67.8	92.2	34.4	28.7	2.8	15.5	66.7	70.6

1/ Computed by ERS 1956 to date.

2/ Estimate based on U. S. processing of instant coffee.

3/ One bag weighs 132 pounds.

Source: Prices from Bureau of Labor Statistics; world production and stocks from Foreign Agricultural Service, USDA.

Table 13.--Retail and wholesale coffee price per pound, by months, 1962-64

Month	Retail price of canned coffee			Wholesale price of Santos #4 coffee beans, N. Y.		
	1962	1963	1964	1962	1963	1964
	Cents	Cents	Cents	Cents	Cents	Cents
January	71.2	69.2	71.7	34.5	34.0	45.5
February	71.0	69.1	74.8	34.5	33.8	46.4
March	71.0	68.7	78.9	34.5	33.5	49.8
April	71.1	68.7		34.5	33.5	
May	71.0	69.0		35.0	33.5	
June	70.9	69.5		34.8	34.5	
July	71.2	69.6		34.8	33.8	
August	71.3	69.8		34.8	33.5	
September	71.4	69.6		34.0	33.5	
October	71.1	69.7		34.0	34.9	
November	69.5	69.8		33.8	36.6	
December	69.2	70.1		34.0	38.1	
Average	70.8	69.4		34.4	34.4	

Bureau of Labor Statistics

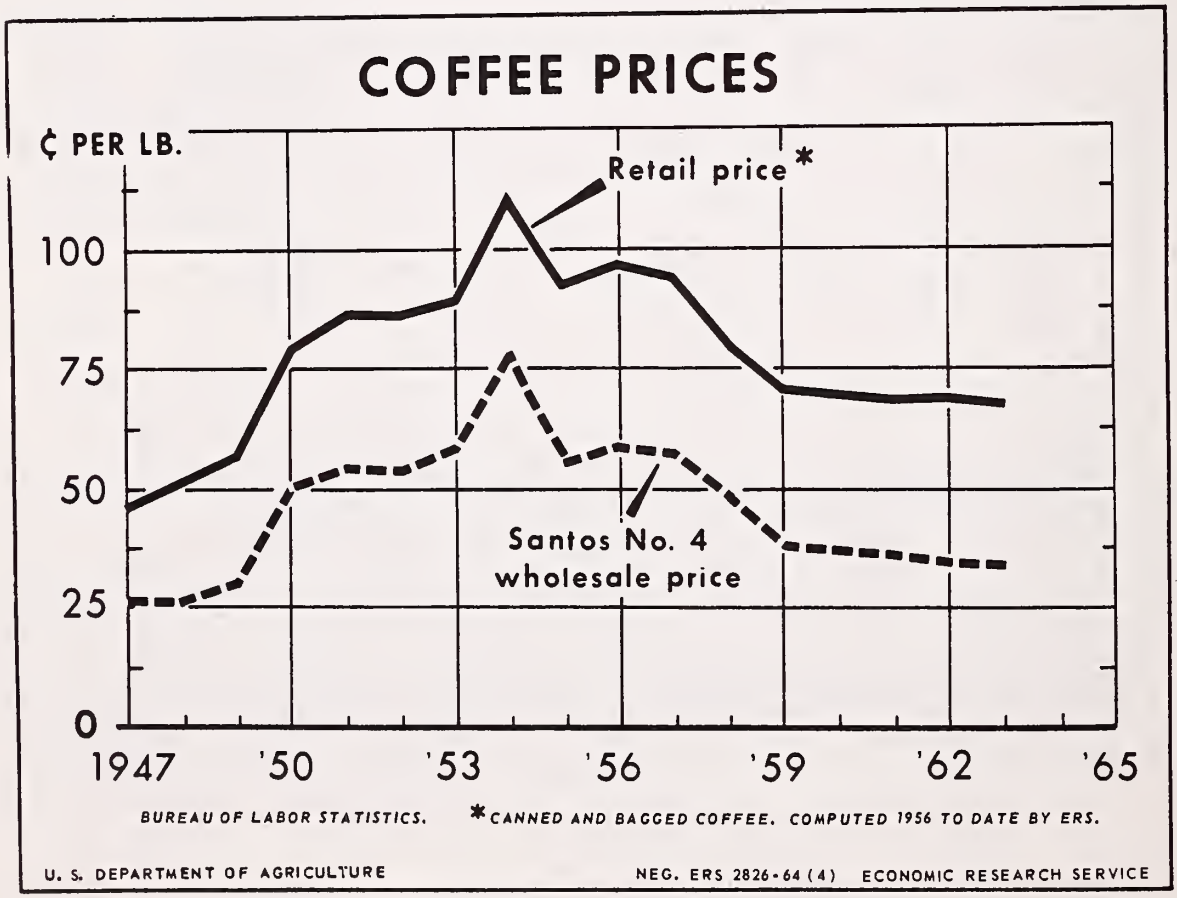

Figure 3

During the recent price upsurge, the wholesale price of green beans has risen more than the retail price of coffee (table 13). An initial increase in retail prices normally follows a rise in wholesale price by at least a month. The wholesale price of Santos No. 4 increased 14 percent between September and December 1963 while the retail price rose about 1 percent. From December to March wholesale price went up another 31 percent compared with 13 percent at retail. About 1.2 pounds of green beans are needed to produce 1 pound of roasted coffee so retail prices must go up slightly more (in cents per pound) if the wholesale-retail dollar margin is to be maintained.

Margins typically decline slightly as prices rise (figure 3). Dollar margins remained about steady between 1947 and 1954 as prices rose, but declined in percentage terms. After 1954 when prices declined, margins increased both in dollars and as a percentage of the retail price. With prices rising again, margins quite normally are declining. But the marketing system can only absorb a limited rise in bean prices.

Total U. S. coffee consumption declined 1 percent in 1963 from a year earlier; per capita consumption declined 2½ percent to 15½ pounds. Imports declined slightly but they exceeded consumption so stocks increased. U. S. stocks at the end of 1963 were higher than any time since 1946, about a fourth of a year's total requirements.

Statistical analyses of prices and demand for coffee show U. S. coffee prices responsive to changes in income, U. S. consumption, and world supply-demand conditions. U. S. price trends in the coming year will depend to a considerable extent on current and prospective world production and the availability and quality of record world carryover stocks. The damaged trees in Brazil have made a good recovery from the drought and frost and, barring adverse weather for the next six months, the 1965-66 Brazilian crop could be a large one. Thus, in projecting future coffee prices it should be emphasized that the major factor will be developments in Brazil, a country that produces 40 percent of the world's total.

COMMODITY REVIEWS

Meat

Per capita consumption of meat in 1964 likely will exceed slightly the record 170 pounds consumed per person last year. An increase in beef consumption likely will more than offset decreases in pork and lamb.

Retail prices of red meat this year probably will average slightly lower than in 1963. Most of the decline is expected in the first half of the year. Pork and lamb likely will be priced higher in 1964 while retail prices of beef, veal, and other meat items are expected to average about the same or a little lower than a year earlier.

Beef consumption in second quarter 1964 likely will be about the same as in the first quarter and a little above the 23.2 pounds consumed

per person in these months a year earlier. Per capita beef consumption in the latter half of this year is expected to average a little larger than in July-December 1963.

Retail beef prices in April-June probably will average about the same as in the first 3 months of this year and in second quarter 1963. Beef prices in the second half of 1964 are expected to average nearly the same as a year earlier.

Second quarter veal consumption likely will average about 1 pound per person, about the same as a year earlier and slightly under January-March 1964. Per capita veal consumption in the second half of the year probably will average about the same as the $2\frac{1}{2}$ pounds consumed in the same period of 1963. Retail prices for veal this spring and summer probably will change little from these months a year earlier.

Per capita supplies of pork in April-June are expected to be close to a pound below the 14.8 pounds available per person in second quarter 1963. This would be a larger-than-normal seasonal decline. Pork consumption in July-December likely will fall 2 pounds or more below the 33.5 pounds consumed per person in these months a year earlier.

Retail pork prices were below those of a year earlier first quarter in 1964. However, they are expected to average above April-June 1963 prices in the second quarter and remain above in the latter half of the year.

Lamb and mutton consumption in the second quarter likely will average about 1 pound per person or slightly under use in April-June 1963 and the first 3 months of this year. Consumption in July-December is expected to be near the 2.4 pounds consumed per person in the second half of 1963. Lamb prices likely will average a little higher in the second quarter than in the previous and year-earlier quarters. They may average slightly higher during the second 6 months of 1964 than a year earlier.

Fishery Products 1/

The total supply of edible fishery products for 1963, domestic catch plus imports, dropped about 3 percent below the record high level of 1962. On a round weight basis (as caught), imports into the 50 States accounted for 45 percent of the edible supply and domestic landings 55 percent. This was a record high proportion for imports and a record low for the domestic catch.

Compared with 1962, the 1963 fish catch for human food by U.S. fishermen declined about 85 million pounds. Significant reductions were registered for salmon, whiting, ocean perch, Pacific mackerel, haddock, Maine herring, blue crabs, and Pacific sardines. Increased catches of shrimp, king crabs, and yellowtail flounder partially offset the declines. The U.S. catch for human food has trended downward since 1950.

1/ Prepared by the Bureau of Commercial Fisheries, Fish and Wildlife Service, U.S. Department of the Interior.

Per capita consumption of fish and fish products declined slightly to 10.6 pounds in 1963. No appreciable change is in prospect for 1964.

Holdings of frozen fishery products are a little above a year ago, indicating an adequate supply until commercial landings increase seasonally. Stocks of ocean perch and cod fillets and steaks are well above year earlier levels and holdings of halibut and shrimp are substantially higher. Among the canned products, shrimp and pink salmon stocks are larger compared with last year at this time.

In general, retail prices of fishery products are more favorable for consumers than a year ago and are expected to hold about steady through second quarter 1964.

Poultry

Larger supplies of poultry are in prospect for 1964. The rise likely will exceed population growth and raise per capita consumption of chicken about a pound above 1963's record 30.9 pounds. Of this total, about 28 pounds will be broilers and fryers.

In first quarter 1964, the commercial slaughter of chicken and turkey totaled 1,505 million pounds compared with 1,389 million pounds in the same period last year. Federally certified slaughter of young chickens in January-March was up 8 percent from last year. And 3 percent more chicks were hatched for April-June broiler production.

Because of a prolonged period of lower prices to producers, a temporary reduction in broiler output is underway. Weekly egg settings for broiler chick production in 22 States were running 4 percent below a year earlier in the 6 weeks ended April 25. Broiler production and prices in the second half are likely to hover more closely around the 1963 level than in the first half.

Consumption of turkey per capita in 1964 is forecast at 7.2 pounds, up from 6.8 pounds in 1963 but below the record 7.5 pounds in 1961. Turkey producers are expected to raise moderately more birds this year than last.

Last year per capita use of turkey was lower than in 1962 in each quarter. Substantially higher prices for turkey and lower prices for red meat reduced consumption early in the year. And during the last quarter, when about half of the crop is consumed, the tragic events surrounding the assassination of President Kennedy appear to have adversely affected demand. This year a stronger holiday demand is anticipated, and despite larger supplies, prices to consumers may average almost as high as in 1963.

Eggs

Higher egg production in prospect this year is expected to temporarily halt, or at least limit, the downtrend in per capita consumption of eggs in

1964. From a post World War II high of 392 eggs in 1951, per capita use dropped to 315 eggs in 1963.

In first quarter 1964, the Nation's farms turned out 1,360 million dozen eggs--4 percent more than in 1963. A sharp increase in eggs produced per layer and the extra day in February explain the increase. Layer numbers during this period were virtually unchanged. Output the rest of the year is expected to return closer to the 1963 level. If farmers raise more flock replacement chickens this year, as now appears likely, egg production would continue greater than a year earlier through mid-1965. The larger output would stem both from a larger laying flock and a higher rate of lay.

Retail egg prices in early 1964 averaged slightly higher than in early 1963. Marketing charges were higher; prices to farmers were lower. If no year-to-year increase in marketing margins takes place, retail egg prices the rest of 1964 probably will average a little lower than in the same period of 1963. Seasonally increasing egg production will drop egg prices to the year's low in the second quarter. After that, egg prices are expected to rise seasonally about as in 1963.

Dairy Products

Total dairy product supplies in first quarter 1964 were large and will increase further in the second quarter. Commercial butter stocks on March 31 were nearly 7 million pounds above a year earlier while commercial cheese stocks were 20 million pounds lower. First quarter sales of fluid milk and cream products (milk equivalent) were about 3 percent larger than a year earlier in urban markets.

More production moved into consumption during the first quarter than a year earlier. As a result, combined purchases by Commodity Credit Corporation and Payment-in-Kind (PIK) exports declined slightly. Government-held stocks of manufactured dairy products also declined.

In 1963, consumption of milk and dairy products (milk equivalent) was up a half percent from 1962. Per capita consumption of milk and dairy products, at 630 pounds in 1963, was down 1 percent from a year earlier. A further decline is expected in 1964.

First quarter 1964 retail prices of all dairy products were 1 percent higher than a year earlier. Most of the rise resulted from farmers receiving higher prices. Retail prices in the second quarter likely will decline seasonally from the first quarter. For the year, they are expected to average slightly above 1963.

Cheese consumption per capita totaled 9.3 pounds in 1963, 2 percent higher than in 1962. The rise came from use of American cheese from commercial sources. Per capita consumption of cheese from CCC stocks

declined slightly. Consumption of American cheese from commercial sources is expected to continue upward in 1964. Per capita consumption of ice cream increased to 18.1 pounds in 1963 from 17.9 pounds in 1962. A further increase may occur in 1964.

Per capita use of nonfat dry milk, at 5.6 pounds in 1963, was steady with a year earlier but down from the record 6.3 pounds in 1961. Sales of nonfat dry milk to households as well as to food processors appear to be increasing. The evaporated milk supply in early 1964 was larger than a year earlier, but per capita consumption in 1964 is expected to continue to trend downward. In 1963 domestic civilian consumption dropped to 9.3 pounds per person from 10.1 a year earlier.

Despite heavy CCC donations for welfare, institutional, and school lunch programs, butter consumption per person in 1963 dropped to 6.7 pounds from 7.2 pounds in 1962. This drop is attributed to declines in the use of this product in households. In 1964 consumption per person is likely to continue downward.

Food Fats and Oils

Total supplies of food fats and oils are at record levels and will continue there through the remainder of the 1963-64 marketing year (ending September 30). Disappearance will be large with exports expected to set a new record. Despite this firm demand, carryover on October 1, 1964, will increase slightly above those of a year earlier, mainly because of a buildup in soybean stocks. Slight declines in year-end stocks of edible vegetable oil will not quite offset the gain in soybeans.

The record supply of food fats and oils results from unusually large beginning stocks and the record 1963 soybean crop. Production of edible vegetable oils will be down seasonally through the rest of the marketing year and slightly under a year earlier. Lard production, running about the same as last season, is expected to taper off and fall a little below the spring and summer levels of 1963. Butter production, now in its flush season, is expected to be down slightly for the entire year. Stocks of cottonseed and soybean oils on April 1, 1964, totaled 1.8 billion pounds, 16 percent more than a year earlier. However, butter and lard stocks were significantly under a year ago.

Domestic disappearance of food fats and oils during calendar 1964 probably will increase with population growth. Per capita consumption usually remains at about 46 pounds. Per capita use of butter and lard is expected to decline from 1963 levels but slight increases in margarine, shortening, and the cooking and salad oils may offset the drop.

Exports of food fats and oils (including the oil equivalent of soybeans) in 1963-64 are estimated at 4.8 billion pounds, compared with 4.3 billion the year before. During October-February 1963-64, exports totaled 2.0 billion

pounds, compared with 1.6 billion pounds the first half of the 1962-63 year. Greater amounts of edible vegetable oils (cottonseed and soybean), lard, butter (including butter oil), and soybeans are expected to move abroad.

Retail prices of the major food fat products in first quarter 1964 averaged 3 percent below first quarter 1963. Lard and salad dressing remained unchanged while peanut butter prices increased slightly. However, shortening prices in the first quarter of 1964 were down 9 percent from a year earlier, margarine 4 percent, and butter 1 percent. Retail prices probably will continue fairly stable and for 1964 may average slightly below 1963.

Fruit

Fresh fruit supplies this spring probably will continue somewhat larger than a year earlier, but processed supplies may be moderately smaller. Fresh citrus supplies this summer may be larger than a year earlier. It is too early in the season to estimate production of most deciduous fruits. Retail prices for most fresh fruits are expected to continue a little lower this spring than last, when supplies were lighter. But prices for most processed items are likely to remain above year-earlier levels.

Supplies of fresh deciduous fruits will increase seasonally during late spring and summer as harvest proceeds. It is still too early to determine size of most of the new crops. An early spring freeze in the Southern States sharply reduced production prospects for peaches marketed mainly in June, July, and early August. But, normal supplies can be expected during spring and summer from California. Outside the Southern States, early season prospects for deciduous fruit crops were generally favorable.

Strawberry supplies from the early spring States, principally Louisiana, are substantially larger than a year ago. Acreage for harvest in the mid-spring States is 10 percent smaller than last year; prospective late-spring acreage is close to last year.

Spring supplies of fresh deciduous fruits include storage stocks of apples and pears and a few imports of apples, pears, grapes, peaches, nectarines, and plums. April 1 cold storage stocks of apples were about 29 percent larger than a year earlier, mainly because Washington State production increased sharply. Pear stocks were up 37 percent because winter shipments were down. Continued large supplies of bananas are expected this spring and summer. Retail prices likely will average about the same as a year earlier. Bananas make up about a fourth of total U. S. fresh fruit consumption.

Fresh citrus fruit supplies will be much larger this spring than last, mainly because Florida Valencia orange production is up. Summer supplies of oranges and lemons, largely from California, may be somewhat

larger than last summer. Fresh grapefruit supplies will be seasonally small during June-September. Retail prices for oranges and lemons from now into summer are expected to average somewhat below the relatively high year-earlier levels. But grapefruit prices probably will continue near a year earlier.

Canned fruit supplies are expected to continue moderately smaller than a year earlier until new packs become available. April 1 canners' stocks of 9 important canned deciduous fruits were about 18 percent smaller than a year earlier. Stocks of most items were down. In contrast, Florida canners stocks of canned grapefruit sections on April 4 were 9 percent larger than a year earlier, a result of increased output this season. Since last summer, retail prices for leading canned fruits have averaged a little higher each month than a year earlier. This situation is expected to continue at least until new pack fruit becomes available.

Until midsummer, total supplies of frozen deciduous fruits and berries (excluding juices) are expected to continue considerably smaller than a year earlier. April 1 stocks were about 23 percent below a year earlier. Stocks of most items were down, especially strawberries and cherries. Retail prices for frozen strawberries in recent months have averaged a shade above a year earlier.

Supplies of most processed citrus juices are expected to continue smaller this spring and summer than last. Frozen orange concentrate supplies however, may be larger this summer. In mid-April, Florida packers' stocks of principal canned and frozen citrus juices were considerably below a year earlier. Carryover stocks from last fall, current packs, and shipments have been smaller than a year earlier. Retail prices are expected to continue at relatively high levels.

Dried fruit supplies probably will continue a little larger than a year earlier through summer, mainly because raisin supplies increased. Dried prune production declined in 1963, and retail prices since last fall have averaged above year earlier levels.

Vegetables

Fresh vegetable supplies this spring are likely to total moderately smaller than the heavy supplies of a year earlier. But retail prices may average higher. Higher prices also are in prospect for potatoes and sweetpotatoes, since supplies of both probably will be materially smaller than last spring. Total stocks of both canned and frozen vegetables are below year-ago levels. However, supplies of all major items are ample, and retail prices likely will average close to the low levels of last spring.

Because of prolonged cool weather, supplies of fresh vegetables this past winter were smaller than usual and prices were high. However, harvests are now increasing, and nearly all major items will be in seasonally heavy supply during spring and summer. Early reports indicate that production of fresh vegetables this spring will total moderately less than a year ago,

primarily because of smaller early-spring crops of asparagus, cabbage, sweet corn, and lettuce. Larger than a year earlier supplies are anticipated for early-spring snap beans, cucumbers, onions, carrots, and celery. Retail prices will be lower than those of recent months, but probably a little higher than a year ago.

Total remaining supplies of canned vegetables are moderately smaller than a year ago, primarily because of smaller stocks of tomatoes and several tomato products. But stocks of canned lima beans, pumpkin and squash, and sauerkraut also are smaller. Supplies of green peas, carrots, and spinach are moderately larger than a year ago, and those of snap beans, cucumber pickles, asparagus and beets probably are record-large. Total stocks of frozen vegetables are slightly smaller than a year ago. Supplies of broccoli, cauliflower, mixed vegetables, and spinach are larger; those of snap beans are about unchanged. Stocks of most other major items are smaller. Because of large supplies, retail prices of canned beets, carrots, sweet corn, and catsup are likely to average lower than a year earlier. But higher prices are in prospect for tomatoes and tomato juice. With all important frozen vegetables in ample to heavy supply, retail prices probably will average about the same as a year earlier. Continued large supplies of both canned and frozen vegetables appear likely during the last half of this year. Processors of the leading vegetables have indicated they plan to have about the same total acreage as in 1963. Supplies of both canned and frozen vegetables next season probably will be about the same as those of this season.

Partly because of reduced fresh supplies, consumption of processed vegetables during the winter months this year was heavy. Use of canned vegetables was slightly larger than a year earlier; consumption of frozen appears to have been record large. With processed supplies expected to remain heavy and prices generally low, per capita consumption of both commercial and frozen vegetables in 1964 is likely to be larger than last year.

Total supplies of potatoes are expected to be smaller this spring than last. Both old-crop potatoes out of storage and freshly harvested new-crop potatoes likely will be in reduced supply. Retail prices will probably average materially higher than a year ago. Acreage intentions reports indicate, however, that supplies of summer and fall crop potatoes may be moderately smaller than the heavy supplies of last year. Per capita consumption of potatoes this year is expected to equal that in 1963.

Marketings of 1963-crop sweetpotatoes are declining seasonally. With relatively light supplies this spring, retail prices will average materially higher than a year ago. A few 1964-crop sweetpotatoes will be available by early summer, with the usual abundant supply during the fall months, at seasonally low prices. Acreage reports point to production a little larger this year than last. Per capita consumption in 1964 is expected to total slightly less than in 1963, because of smaller supplies in the first half of the year.

Current supplies of dry edible beans probably are about the same as the large supplies of a year earlier. Growers have reported intentions to plant

slightly more acreage this year; supplies next season likely will be a little above those of the current season. Bean consumption per person in 1964 is expected to be slightly larger than last year, with large quantities being used in the school lunch and donation programs. Steady retail prices are in prospect through 1964.

Cereal Products

Food Grains

The recently enacted wheat program will have little effect on the price of consumer wheat products. The price support loan rate on 1964-crop wheat is $1.30 per bushel. This loan rate is 52 cents per bushel below that applicable to the 1963 crop and 70 cents below that for the 1962 crop. The market price of wheat during the 1964-65 marketing year beginning in July will be substantially below those of previous years as a result of the cut in the price support loan rate. But flour millers will be required to purchase a domestic marketing certificate, valued at 70 cents, for each bushel of wheat they grind. When the cost of the wheat in the market is combined with domestic marketing certificates, the resulting price of flour and other wheat products probably will not be substantially different from that of the last few years.

The supply of wheat, rye, and rice will continue to be more than adequate to meet food needs during 1964. Retail prices of foods processed from these grains probably will rise slightly from 1963, about in line with the previous trends. Per capita consumption of wheat, rye, and rice in 1964 probably will be about the same as last year.

Corn, Oats, and Barley

The domestic consumption of corn sugar and corn sirup has increased rather sharply in recent years and a further increase is in prospect for 1964. Consumption of corn sirup increased to 12.4 pounds per capita in 1963, up 7 percent from 1962 and the highest since 1947. Corn sugar consumption increased to 4.5 pounds per capita, 12 percent over 1962 and the highest since 1950. Domestic sales of both products rose sharply in first quarter 1964, indicating that a further rise is probable this year over 1963. Cornmeal consumption has been declining for a number of years, and consumption in 1963 was estimated at a little under 7 pounds per capita. This is only about half the per capita consumption of 15 years ago and less than a fourth that of the 1920's. Per capita consumption of oatmeal and barley food products has been comparatively stable in recent years with oatmeal consumption averaging about 3.5 pounds per person and barley food products about 1 pound.

Retail prices of corn and food products and oatmeal have trended upward in recent years due largely to increasing cost of processing and marketing. Retail prices of corn flakes, cornmeal, and rolled oats were 1 to 2 percent higher in first quarter 1964 than a year earlier, a little less than the yearly increase in most other recent years.

Table 14.--Production of major food commodities, calendar years, 1947-49 and 1957-59 averages, 1961-63 and preliminary indications for 1964, with percentage comparisons 1/

Commodity	Unit	Average 1947-49	Average 1957-59	1961	1962	1963 Preliminary	Preliminary indications for 1964 2/	1964 as a percentage of 1947-49	1964 as a percentage of 1957-59	1964 as a percentage of 1963
Meats (carcass weight)										
Beef	Mil.lb.	9,649	13,704	15,298	15,296	16,423	17,450	181	127	106
Veal	Mil.lb.	1,454	1,240	1,044	1,015	927	930	64	75	100
Lamb and mutton	Mil.lb.	716	711	832	809	770	735	103	103	95
Pork (excluding lard)	Mil.lb.	10,281	10,957	11,411	11,836	12,439	12,000	117	110	96
Total meats	Mil.lb.	22,100	26,612	28,585	28,956	30,559	31,115	141	117	102
Poultry and eggs 3/										
Eggs	Mil.doz.	5,086	5,475	5,315	5,353	5,305	5,350	105	98	101
Chicken (ready-to-cook)	Mil.lb.	2,753	4,880	5,828	5,835	6,072	6,336	230	130	104
Turkey (ready-to-cook)	Mil.lb.	492	1,065	1,506	1,304	1,341	1,410	287	132	105
Dairy products										
Total milk	Bil.lb.	4/116.3	123.3	125.3	125.9	124.6	125.0	107	101	100
Cheese 5/	Mil.lb.	1,160	1,396	1,635	1,585	1,628	1,750	151	125	107
Condensed and evaporated milk	Mil.lb.	3,497	2,789	2,631	2,407	2,365	2,315	66	83	98
Ice cream (product weight)	Mil.lb.	2,758	3,212	3,346	3,368	3,461	3,540	128	110	102
Fats and oils										
Butter, farm and factory (actual weight)	Mil.lb.	1,611	1,477	1,536	1,576	1,434	1,400	87	95	98
Lard 6/	Mil.lb.	2,419	2,584	2,517	2,480	2,473	2,425	100	94	98
Margarine (actual weight)	Mil.lb.	839	1,549	1,724	1,726	1,744	1,790	213	116	103
Shortening	Mil.lb.	1,434	2,022	2,456	2,689	2,533	2,625	183	130	104
Other edible fats and oils 7/	Mil.lb.	3,912	7,297	8,585	9,577	9,924	10,135	259	139	102
Total fats and oils (fat content) 8/	Mil.lb.	7,627	11,070	12,338	13,326	13,551	13,687	179	124	101
Fruits										
Fresh:										
Citrus	Mil.lb.	8,783	6,695	6,360	6,180	4,800	5,500	63	82	115
Apples (commercial)	Mil.lb.	3,775	3,972	3,827	3,777	3,800	3,800	101	96	100
Other (excluding melons)	Mil.lb.	4,493	4,082	4,003	4,057	3,996	4,100	91	100	103
Processed:										
Canned fruit	Mil.lb.	2,597	3,591	4,057	4,233	3,723	4,250	164	118	114
Canned fruit juices	Mil.lb.	2,230	2,177	2,084	2,206	2,046	1,900	85	87	93
Frozen (including juice)	Mil.lb.	416	1,557	1,741	2,037	1,213	1,600	385	103	132
Dried	Mil.lb.	961	697	755	719	722	750	78	108	104
Vegetables										
Fresh vegetables and melons 9/	Mil.lb.	22,565	24,375	25,568	25,442	25,880	26,000	115	107	100
Fresh vegetables	Mil.lb.	18,504	19,921	21,125	20,967	21,156	21,500	116	108	102
Melons	Mil.lb.	4,061	4,454	4,443	4,475	4,724	4,500	111	101	95
Canned	Mil.lb.	6,086	7,879	8,880	9,584	8,863	8,900	146	113	100
Frozen	Mil.lb.	448	1,469	2,110	2,255	2,321	2,400	536	163	103
Potatoes	Mil.cwt.	248	252	294	267	276	270	109	107	98
Sweetpotatoes	Mil.cwt.	25.3	18.2	15.2	19.4	16.1	16.4	65	90	102
Dry edible beans 10/	Mil.lb.	1,854	1,797	2,029	1,860	2,071	2,070	112	115	100
Dry field peas 10/	Mil.lb.	401	376	354	496	475	485	121	129	102
Sugar, raw basis	1,000 short tons	2,066	2,732	3,176	3,279	3,766	4,400	213	161	117
Grains										
Wheat	Mil.bu.	1,251	1,178	1,235	1,094	1,138	1,273	102	108	112
Rye	Mil.bu.	23.1	28.3	27.5	40.8	29.4	30.0	130	106	102
Rice, milled	Mil.lb.	2,333	2,867	3,637	3,661	4,487	4,725	203	165	105
Corn, grain only	Mil.bu.	2,788	3,409	3,626	3,637	4,082	4,055	145	119	99
Oats	Mil.bu.	1,294	1,248	1,011	1,020	981	967	75	77	99
Barley	Mil.bu.	279	447	396	436	400	374	134	84	94
Peanuts, farmers' stock basis	Mil.lb.	2,128	1,613	1,740	1,810	1,975	1,925	90	119	97

1/ Calendar year basis except for fresh citrus fruit for which the season begins in the fall of the previous year; dried fruits on a pack year beginning year indicated; rice on a marketing year ending year indicated. Data for Alaska and Hawaii are not included. 2/ Estimate or preliminary indication based on trends in livestock numbers, current or prospective rates of output, average or probable acreages and yields, and such other data or advance estimates as are available. These estimates are used only to indicate the general level of food supplies for domestic consumption for 1964, but they are based on such official estimates of production as are available at this time. Revisions will of course be made from time to time throughout the year as official indications or estimates are issued through the Crop Reporting Board of the Department. 3/ Includes an allowance for nonfarm production. 4/ Includes an allowance for nonfarm production of 1.1 billion pounds in 1947-49. 5/ Excludes full skim, cottage, pot, and bakers' cheese. 6/ Includes amount used in manufactured food and nonfood products. 7/ Includes cottonseed, peanut, soybean, corn, edible olive, and oleo oils, oleo stock, oleostearine, and edible tallow later processed into margarine, shortening, cooking and salad oils, etc., and nonfood items. 8/ Includes butter, lard, and "other edible fats and oils." 9/ This series covers total commercial production for sale as fresh both for shipment to distant markets and for local markets; includes quantities not harvested. Excludes farm garden output for farm household use. 10/ Cleaned basis.

Table 15 .--Retail food price indexes and Consumer Price Index, 1935-39 and 1947-49 averages, 1950-60 and 1962-64 by months

(Index, 1957-59=100)

Year and month	Food at home											Food away from home	All food	Consumer Price Index
	Meat 1/	Poultry 2/	Fish	Eggs	Dairy products 3/	Fats and oils 4/	Fruits and vegetables	Cereal and bakery products	Sugar and sweets	Beverages	Total			
1935-39	37.8	68.7	28.9	60.3	45.9	65.4	39.6	45.6	48.3	27.5	42.6	5/	41.9	48.7
1947-49	86.7	132.5	86.4	122.7	88.3	117.9	80.9	75.5	85.4	56.1	86.1	5/	84.7	81.5
1950	91.4	126.1	89.0	104.7	84.7	94.2	79.0	78.8	86.9	85.9	87.1	5/	85.8	83.8
1951	103.6	132.1	101.6	127.4	94.5	110.3	86.3	86.0	90.1	94.7	96.9	5/	95.4	90.5
1952	102.6	132.6	99.0	116.3	98.5	93.5	94.8	88.1	90.9	95.3	98.6	5/	97.1	92.5
1953	95.8	129.3	95.3	123.2	96.8	93.9	91.8	89.8	91.9	97.9	96.8	89.3	95.6	93.2
1954	95.3	116.7	95.8	103.1	93.7	98.9	90.5	91.9	93.8	116.3	96.3	90.9	95.4	93.6
1955	87.7	121.5	93.9	106.5	93.6	95.9	91.8	93.4	95.8	104.2	94.4	91.8	94.0	93.3
1956	84.8	106.5	93.8	105.9	96.0	98.0	96.3	94.7	93.6	108.9	94.8	93.6	94.7	94.7
1957	94.2	103.8	95.0	100.9	98.8	102.4	96.0	98.4	96.3	108.1	97.9	97.1	97.8	98.0
1958	104.9	102.6	101.6	106.1	100.3	101.2	102.8	100.4	100.7	100.5	102.2	100.0	101.9	100.7
1959	101.0	93.5	103.4	92.9	101.0	96.5	101.2	101.2	102.9	91.3	99.7	102.8	100.3	101.5
1960	99.2	95.0	103.5	100.1	103.2	92.1	103.8	103.2	103.4	90.7	100.6	105.5	101.4	103.1
1961	100.5	85.8	105.8	100.1	104.7	98.5	104.2	105.5	101.3	90.7	101.5	107.8	102.6	104.2
1962	102.5	90.7	110.3	94.6	104.1	98.5	105.0	107.6	101.4	89.3	102.2	110.7	103.6	105.4
Jan.	100.4	90.0	108.7	99.7	105.6	99.5	100.6	106.6	101.0	89.5	101.2	109.2	102.5	104.5
Feb.	100.6	95.0	109.6	100.0	105.1	99.5	102.9	107.1	101.3	89.4	101.9	109.5	103.1	104.8
Mar.	100.5	94.9	109.6	94.0	105.0	99.7	104.4	107.3	101.2	89.1	101.9	109.7	103.2	105.0
Apr.	100.7	89.6	110.2	89.2	103.7	99.7	108.6	107.3	101.1	89.2	102.1	109.9	103.4	105.2
May	100.2	88.2	110.5	85.5	103.0	99.8	109.4	107.5	101.1	89.2	101.9	110.1	103.2	105.2
June	100.2	89.0	110.7	81.3	102.7	99.0	111.9	107.4	101.3	89.1	102.1	110.6	103.5	105.3
July	101.8	87.9	110.6	84.6	103.5	98.4	109.9	107.9	101.5	89.2	102.4	110.9	103.8	105.5
Aug.	103.6	89.9	110.9	89.8	103.9	98.0	105.2	107.8	101.5	89.4	102.3	111.4	103.8	105.5
Sept.	107.8	93.1	110.8	103.1	104.2	97.0	102.2	107.9	101.7	89.8	103.5	111.5	104.8	106.1
Oct.	105.4	91.0	110.7	104.6	104.3	97.1	102.0	108.0	101.7	89.6	102.9	111.8	104.3	106.0
Nov.	104.5	92.5	110.2	101.1	104.2	97.1	102.1	108.4	101.9	88.9	102.6	111.9	104.1	106.0
Dec.	104.1	86.8	111.4	101.8	103.9	96.8	100.2	108.2	101.8	88.7	101.9	112.2	103.5	105.8
1963 6/	100.8	89.3	109.9	96.0	103.8	95.7	111.0	109.1	110.1	90.4	103.5	113.2	105.1	106.7
Jan.	103.6	90.0	111.0	103.1	103.8	96.8	106.4	108.7	102.0	88.9	103.2	112.3	104.7	106.0
Feb.	102.8	91.0	110.0	100.1	103.6	96.8	109.4	109.2	102.6	89.1	103.5	112.5	105.0	106.1
Mar.	101.2	91.1	110.4	98.6	103.5	96.2	109.6	109.1	102.9	88.9	103.0	112.6	104.6	106.2
Apr.	98.3	89.8	110.5	96.1	102.9	96.0	112.0	109.2	103.1	88.7	102.6	112.8	104.3	106.2
May	98.1	88.5	111.1	85.2	102.8	95.5	113.9	109.3	106.0	89.2	102.5	112.9	104.2	106.2
June	98.6	89.4	110.3	83.6	102.8	95.3	115.6	109.2	121.2	89.9	103.4	113.0	105.0	106.6
July	100.9	88.9	109.7	88.2	103.3	95.4	118.7	109.2	117.9	91.3	104.8	113.1	106.2	107.1
Aug.	102.6	88.1	109.1	91.7	104.2	95.7	114.2	109.1	114.0	92.0	104.5	113.3	106.0	107.1
Sept.	102.6	89.0	109.2	102.8	104.3	95.4	108.1	109.1	110.0	91.8	103.8	113.6	105.4	107.1
Oct.	101.4	88.5	108.8	103.6	104.6	95.2	106.3	109.1	109.9	91.6	103.2	114.0	104.9	107.2
Nov.	100.4	88.5	109.5	99.2	104.8	95.1	108.2	109.1	114.3	91.8	103.4	114.0	105.1	107.4
Dec.	99.7	89.0	109.7	99.6	105.0	95.4	109.8	109.0	117.0	92.1	103.7	114.3	105.4	107.6
1964 7/														
Jan.	99.0	87.4	108.8	106.0	105.0	8/	112.4	109.1	117.9	93.4	104.2	114.3	105.8	107.7
Feb.	99.0	87.1	108.5	101.4	104.8	8/	113.9	109.0	118.3	95.7	104.4	114.4	106.0	107.6
Mar.	97.9	86.5	107.1	93.3	104.5	8/	115.1	108.8	117.6	98.6	104.0	114.7	105.7	107.7

1/ Beef, veal, lamb and mutton, pork, and processed meat.
2/ Chicken is only item included.
3/ Includes butter.
4/ Excludes butter.
5/ Data not collected prior to 1953.
6/ Average computed by Economic Research Service.
7/ Revised beginning January 1964. Item selection and quantity weights reflect the buying pattern of wage earners and clerical workers in 1960-61 and for the first time include single person families. Series are linked at December 1963. Documents describing the new index are available on request from the Bureau of Labor Statistics, Washington, D. C. 20210. For a brief summary of major changes, see special article, "Consumer Price Index Revision."
8/ Not available.
Bureau of Labor Statistics.

Table 16.-- Economic factors affecting Agriculture, 1929, 1941, 1947 and 1950-63

Item	Unit or base	1929	1941	1947	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959	1960	1961	1962	1963p
Gross national product, total 1/	Bil. dol.	104.4	125.8	234.3	284.6	329.0	347.0	365.4	363.1	397.5	419.2	442.8	444.5	482.7	502.6	518.2	554.9	585.1
Personal consumption expenditures	Bil. dol.	79.0	81.9	165.4	195.0	209.8	219.8	232.6	238.0	256.9	269.9	285.2	293.2	313.5	328.2	336.8	355.4	373.1
Durable	Bil. dol.	9.2	9.7	20.6	30.4	29.5	29.1	32.9	32.4	39.6	38.5	40.4	37.3	43.6	44.9	43.6	48.2	51.5
Nondurable	Bil. dol.	37.7	43.2	93.4	99.8	110.1	115.1	118.0	119.3	124.8	131.4	137.7	141.6	147.1	151.8	155.1	161.4	167.1
Services	Bil. dol.	32.1	29.0	51.4	64.9	70.2	75.6	81.8	86.3	92.5	100.0	107.1	114.3	122.8	131.5	138.0	145.7	154.5
Gross private domestic investment	Bil. dol.	16.2	18.1	31.5	50.0	56.3	49.9	50.3	48.9	63.8	67.4	66.1	56.6	72.7	71.8	69.0	78.8	82.3
Net export of goods and services	Bil. dol.	.8	1.1	9.0	.6	2.4	1.3	-.4	1.0	1.1	2.9	4.9	1.2	-.8	3.0	4.4	3.8	4.5
Government purchases of goods and services	Bil. dol.	8.5	24.8	28.4	39.0	60.5	76.0	82.8	75.3	75.6	79.0	86.5	93.5	97.2	99.6	107.9	117.0	125.1
Federal (less Government sales)	Bil. dol.	1.3	16.9	15.6	19.3	38.8	52.9	58.0	47.5	45.3	45.7	49.7	52.6	53.6	53.1	57.4	62.4	66.3
State and local	Bil. dol.	7.2	7.8	12.7	19.7	21.7	23.2	24.9	27.7	30.3	33.2	36.8	40.8	43.6	46.5	50.6	54.6	58.8
Implicit price deflator for GNP	1954=100	57.4	52.9	83.0	89.5	96.2	98.1	99.0	100.0	101.2	104.6	108.4	110.8	112.6	114.2	115.7	116.9	118.7
Industrial production, total 2/	1957-59=100	38	56	66	75	81	84	91	86	97	100	101	94	106	109	110	118	124
Total civilian employment 3/	Millions	47.6	50.4	57.8	59.7	60.8	61.0	61.9	60.9	62.9	64.7	65.0	64.0	65.6	66.7	66.8	67.8	68.8
Nonagricultural employment	do.	37.2	41.2	49.6	52.3	53.7	54.2	55.4	54.4	56.2	58.1	58.8	58.1	59.7	61.0	61.3	62.7	63.9
Unemployment	do.	1.6	5.6	2.4	3.4	2.1	1.9	1.9	3.6	2.9	2.8	2.9	4.7	3.8	3.9	4.8	4.0	4.2
Income:																		
Nonagricultural payments 1/	Bil. dol.	77.7	88.0	172.8	211.3	237.0	254.3	271.5	273.8	295.0	317.9	336.1	343.0	368.6	385.1	400.3	424.5	445.7
Production-worker payrolls 4/	1957-59=100	20.0	30.7	60.3	68.9	80.3	84.5	93.6	85.4	94.8	100.2	101.4	93.5	105.1	106.7	105.4	113.7	118.0
Weekly earnings of production workers in manufacturing 4/	Dollars	24.76	29.48	49.17	58.32	63.34	67.16	70.47	70.49	75.70	78.78	81.59	82.71	88.26	89.72	92.34	96.56	99.38
Durable	do.	26.84	33.56	51.76	62.43	68.48	72.63	76.63	76.19	82.19	85.28	88.26	89.27	96.05	97.44	100.35	104.70	108.08
Nondurable	do.	22.47	24.39	46.03	53.48	56.88	59.95	62.57	63.18	66.63	70.09	72.52	74.11	78.61	80.36	82.92	85.54	87.91
Agricultural trade: 5/																		
Domestic exports	Bil. dol.	1.7	.7	4.0	2.9	4.0	3.4	2.8	3.1	3.2	4.2	4.5	3.9	4.0	4.8	5.0	5.0	5.6
Imports for consumption	Bil. dol.	2.2	1.7	2.8	4.0	5.2	4.5	4.2	4.0	4.0	4.0	4.0	3.9	4.1	3.8	3.7	3.9	4.0
Prices: 4/																		
Wholesale prices, all commodities	1957-59=100	52	48	81	87	97	94	93	93	93	96	99	100	101	101	100	101	100
Commodities other than farm and food	do.	52	50	75	83	92	89	90	90	92	96	99	100	101	101	101	101	101
Farm products	do.	64	50	109	106	124	117	106	104	98	97	99	104	97	97	96	98	96
Food processed	do.	54	47	91	93	103	101	97	98	94	94	98	103	99	100	101	101	101
Consumer price index	do.	60	51	78	84	90	92	93	94	93	95	98	101	102	103	104	105	107
Food	do.	56	44	81	86	95	97	96	95	94	95	98	102	100	101	103	104	105
Prices received by farmers 6/	1910-14=100	148	124	276	258	302	288	255	246	232	230	235	250	240	238	240	243	241
Crops	do.	135	108	163	233	265	267	240	242	231	235	225	223	221	222	227	230	238
Livestock and products	do.	159	138	288	280	336	306	268	249	234	226	244	273	256	253	251	255	244
Prices paid, interest, taxes and wage rates 6/	1910-14=100	160	133	240	256	282	287	277	278	276	278	287	294	298	300	302	307	312
Items used in living	do.	154	130	237	246	268	271	269	270	270	274	282	287	288	290	291	294	298
Items used in production	do.	146	130	224	246	273	274	256	255	251	250	257	264	266	265	266	270	273
Parity ratio		92	93	115	101	107	100	92	89	84	83	82	85	81	80	79	79	77

1/ U. S. Department of Commerce. 2/ Federal Reserve Board. 3/ U. S. Department of Labor, old definitions used 1929-41. 4/ U. S. Department of Labor. 5/ U. S. Department of Agriculture, Foreign Agricultural Service. 6/ U. S. Department of Agriculture, Statistical Reporting Service.

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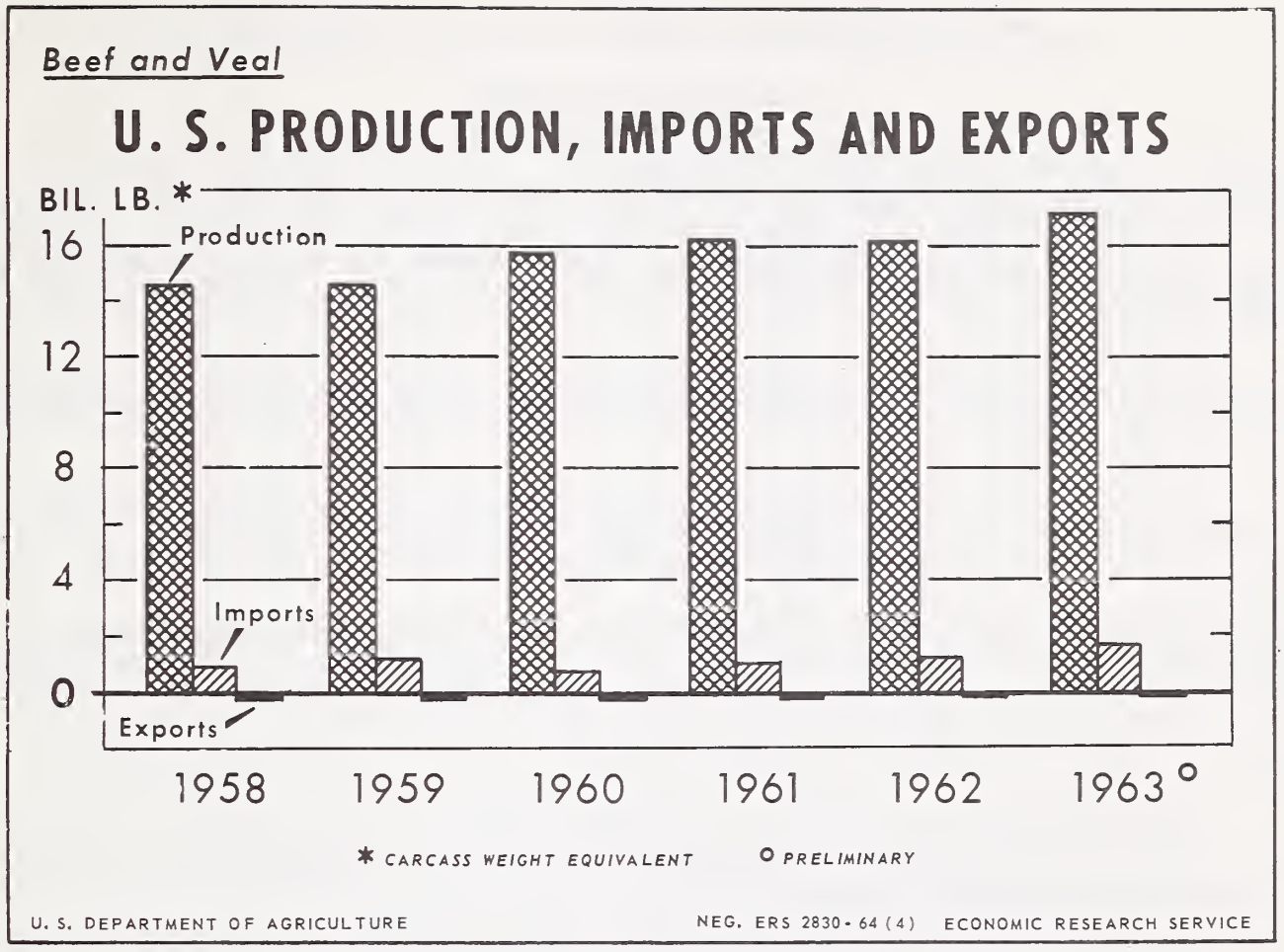

Figure 4

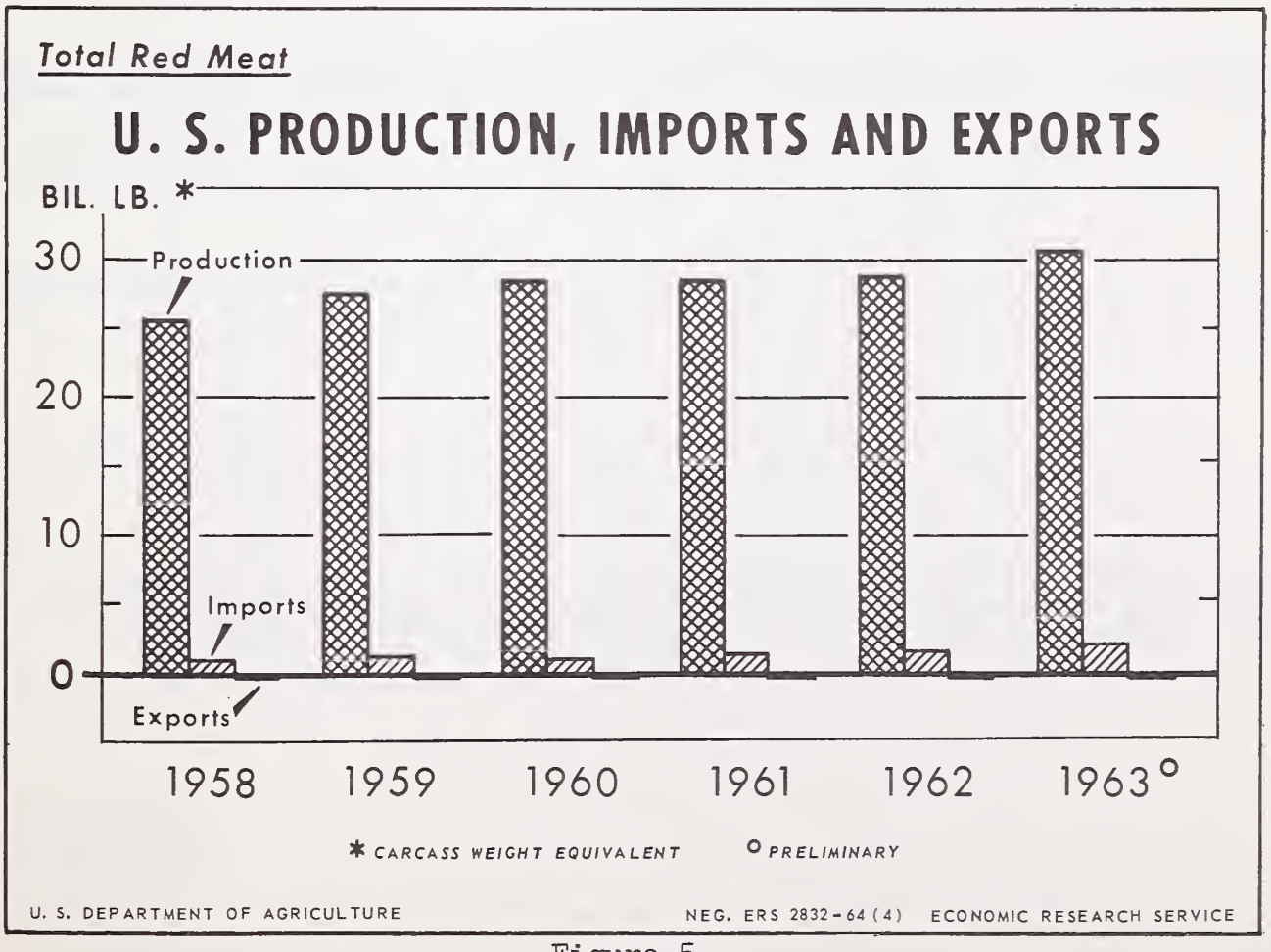

Figure 5

SELECTED RECENT ARTICLES, REPORTS AND SPEECHES 1/

Consumption and Demand

"Coconut Oil Imports and Consumption Increasing in the United States," by George W. Kromer. Fats and Oils Situation, FOS-222, March 1964. Pp. 31-40.

Domestic Food Consumption and Expenditure: 1961. Annual Report of the National Food Survey Committee, Ministry of Agriculture, Fisheries and Food, London, August 1963. 2/ 124 pp.

Food Costs -- Farm Prices, A compilation of Information Relating to Agriculture, by Committee on Agriculture, House of Representatives, Eighty-eighth Congress, Second Session, March 1964. 86 pp. 3/

Food Distribution Changes and the CPI, by Ethel D. Hoover and Margaret S. Stotz. Reprint No. 2434 from the Monthly Labor Review, January 1964, pp. 58-64. 4/

Sweeteners Used by Food Processing Industries, their Competitive Position in the United States, by Roy A. Ballinger and L. C. Larkin, Agricultural Economic Report No. 48, January 1964. 22 pp. [Last in series of reports dealing with sweeteners used in the canning industry (AER No. 20), dairy industry(AER No. 30),beverage industry (AER No. 31),baking industry (AER No. 32), and confectionery industry (AER No. 37).

"U. S. Foreign Trade in Livestock and Livestock Products," by George R. Rockwell, Jr. Livestock and Meat Situation, LMS-136, April 1964. Pp. 18-34.

Marketing

Economic Feasibility of Radiation-Pasteurizing Fresh Strawberries, Peaches, Tomatoes, Grapes, Oranges, and Grapefruit, by John H. Droge. ERS-131, August 1963. 24 pp. [The first in a series of reports on economic feasibility of pasteurizing selected fresh produce by ionizing radiation. Prepared by United States Department of Agriculture, Economic Research Service for United States Atomic Energy Commission, Division of Isotopes Development.]

"Emergency Regulations Affecting the Processing and Distribution of Dairy Products Following a Nuclear Attack," by Alexander Swantz. Address before the 47th Annual Meeting of the National Milk Producers Federation, Miami Beach, Florida, December 11, 1963. 7 pp. 5/

"'Fishyback' Transportation of Citrus to Switzerland," by Russell H. Hinds, Jr. Speech presented at the 1963 National Marketing Service Workshop, Kansas City, Kansas, November 21, 1963. 2 pp.

Peanut Marketing, by Marvin W. Webster. Marketing Bulletin No. 29, January 1964. 32 pp. [This publication supersedes Misc. Pub. No. 416, "Marketing Peanuts and Peanut Products."] 5/

Continued -

SELECTED RECENT ARTICLES, REPORTS AND SPEECHES 1/ -Continued

Marketing -Continued

Prices and Spreads for Fresh Fruits and Vegetables Sold in Selected Markets, 1956-62, by Victor G. Edman, USDA, Economic Research Service, Statistical Bulletin No. 340. February 1964. 131 pp. [Items covered are: Washington delicious apples, cantaloupes, Thompson seedless grapes, California lemons, California Navel Oranges, California Valencia oranges, Florida oranges, asparagus, carrots, Pascal celery, fresh yellow corn, Iceberg lettuce, dry yellow onions, 4 varieties of potatoes (midwestern round red, old round white, Western long white, and western Russet) and sweetpotatoes.]

Prices, Marketing Margins, and Uses of Peanuts in Peanut Butter, by Virginia M. Farnworth. U. S. Department of Agriculture, Economic Research Service, Marketing Research Report No. 624, December 1963. 25 pp.

Rice -- Annual Market Summary, 1963. USDA, Agricultural Marketing Service, AMS-277 (1963), January 1964. 47 pp. 5/

Other

Composition of Foods -- Raw, Processed, Prepared, by Bernice K. Watt and Annabel L. Merrill. Agriculture Handbook No. 8, Revised December 1963. 190 pp. 6/

Dairy and Poultry Market Statistics, 1963. USDA, Agricultural Marketing Service, Statistical Bulletin No. 342, March 1964. 95 pp. [Annual summary of market statistics collected and compiled by the Dairy and Poultry Market News Branch.] 5/

A Summary of Laws and Regulations Affecting the Cheese Industry. USDA, Agricultural Marketing Service, Agriculture Handbook No. 265, January 1964. 51 pp. 5/

Supplement for 1963 to Grain and Feed Statistics. USDA, Economic Research Service. Supplement for 1963 to Statistical Bulletin No. 159, March 1964. 65 pp.

Taxes Paid by Firms Marketing Farm Food Products, by William T. Wesson. Agricultural Economic Report No. 50, February 1964. 52 pp.

1/ Unless otherwise indicated, items listed are ERS publications and may be obtained from the Division of Information, Office of Management Services, U. S. Department of Agriculture, Washington, D. C. 20250. 2/ May be obtained from Her Majesty's Stationery Office, London, England. Price: 8s. 6d. Net. 3/ May be obtained from House of Representative Committee on Agriculture, House Office Building, Washington, D. C. 20515. 4/ Reprint may be obtained from Office of Publications, Bureau of Labor Statistics, U. S. Dept. of Labor. Washington, D. C. 20210. 5/ May be obtained from Marketing Information Division, Agricultural Marketing Service, U. S. Department of Agriculture, Washington, D. C. 20250. 6/ For sale by Superintendent of Documents, U. S. Government Printing Office, Washington, D. C. 20402. Price $1.50.

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1.941
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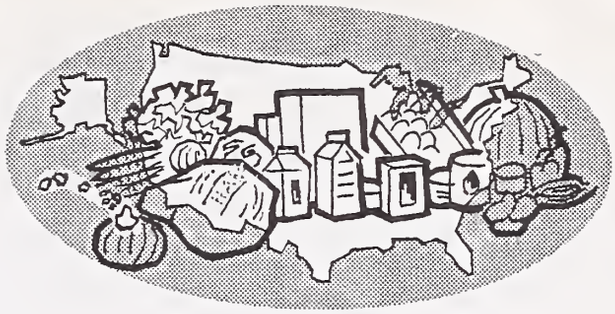
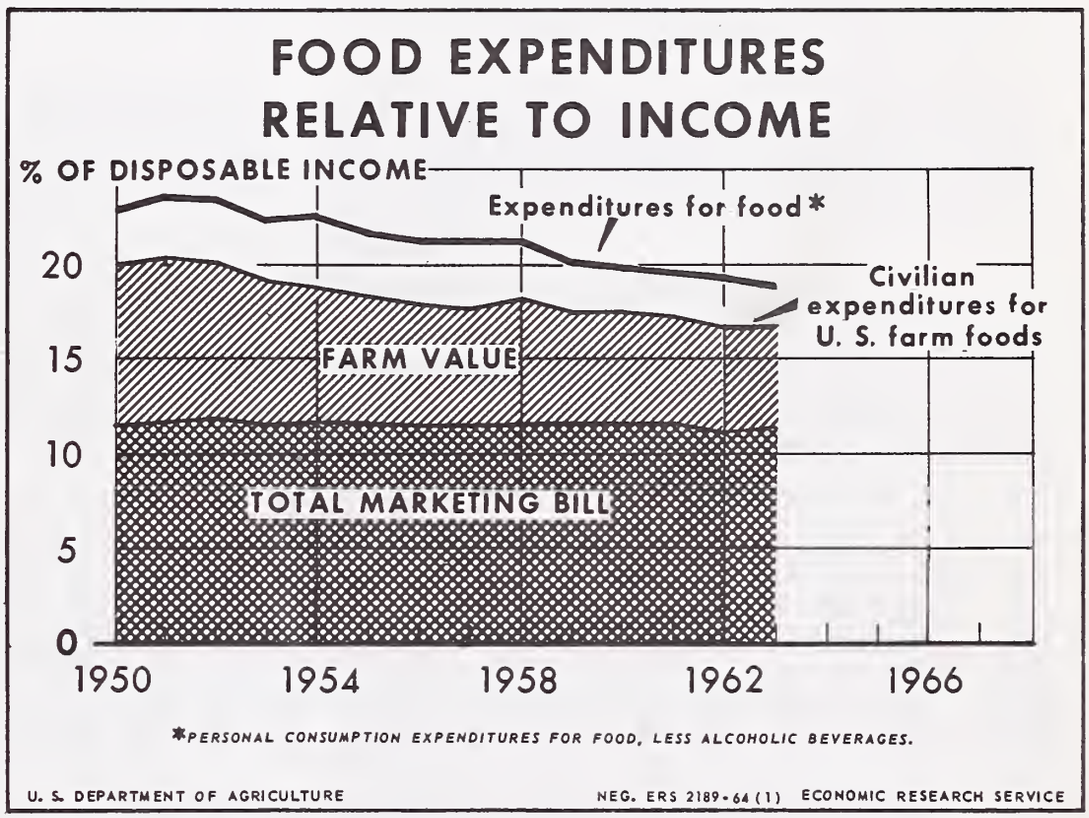
NATIONAL FOOD SITUATION



NFS-109 For Release August 10, A. M. AUGUST 1964

Nineteen percent of U. S. disposable income was spent for food last year, well below the 23.5 percent in 1951. Total food expenditures have increased, but not as rapidly as income. The proportion of disposable income going to pay the bill for marketing (including processing and distribution) U. S. farm-originated foods has remained about steady over the years. But the proportion going to farmers has declined.



IN THIS ISSUE

FOOD CONSUMPTION PER CAPITA

RETAIL FOOD PRICES

FOOD EXPENDITURES

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ECONOMIC RESEARCH SERVICE • U. S. DEPARTMENT OF AGRICULTURE

Table 1.--Volume of farm marketings and home consumption 1/

(Index numbers, 1957-59=100)

Item	1947-49 average	1957	1958	1959	1960	1961	1962	1963	1964 Preliminary 2/	1964 as a percentage of 1947-49	1964 as a percentage of 1963
Marketings and home consumption of all farm commodities	86	95	101	104	107	108	109	113	115	134	102
Food marketings and home consumption	87	97	100	103	104	107	107	110	112	129	102
Food marketings	82	97	100	103	105	109	109	112	114	139	102
Total food livestock 3/	79	99	98	103	104	108	110	114	117	148	103
Meat animals	81	100	97	103	105	108	110	116	120	148	103
Poultry and eggs	66	95	100	105	105	113	113	116	119	180	103
Dairy products	84	100	100	100	102	106	107	107	108	129	101
Total food crops 4/	98	91	104	105	108	110	106	108	109	111	101
Food grains 5/	102	80	114	106	117	114	102	108	110	108	102
Vegetables 6/	91	98	99	103	104	109	110	109	109	120	100
Fruit and nuts 7/	92	100	94	106	99	103	106	100	101	110	101
Sugar crops	78	98	97	105	105	115	117	152	158	203	104
Home consumption	161	106	100	94	87	81	74	69	67	42	97
Livestock	159	108	99	93	82	75	71	63	61	38	97
Crops	168	99	104	97	98	94	80	82	79	47	96
Nonfood marketings 8/	82	87	104	109	114	110	116	124	126	154	102

1/ Quantities of farm products weighted by average 1957-59 farm prices since 1957, 1947-49 prices in earlier years. Excludes Alaska and Hawaii. 2/ Indications for 1964 are based on calendar-year quantities estimated as of July 1964. 3/ Includes honey. 4/ In addition to the crops listed below, includes peanuts, peppermint, popcorn and spearmint. 5/ Wheat, rye, rice and buckwheat. 6/ Truck crops for fresh use and processing, potatoes, sweetpotatoes, dry edible beans, dry field peas, mung beans and melons 1957 to date. 7/ Except peanuts and, beginning 1957, melons. 8/ There are no nonfood items in the home consumption index.

Table 2.--Food consumption per capita 1/

(Index, 1947-49=100)

Selected years	Meat	Poultry	Fish	Eggs	Dairy, excluding butter	Fats and oils, including butter	Fruits: Fresh	Fruits: Processed	Fruits: Total	Vegetables: Fresh	Vegetables: Processed 2/	Vegetables: Total 3/	Potatoes and sweetpotatoes	Beans, peas, nuts	Cereal products	Sugar and sirups	Coffee, tea and cocoa	All food
1910	99	76	107	78	69	104	106	21	79	93	24	72	184	79	131	59	58	87.6
1920	92	69	114	77	79	94	111	44	89	96	33	77	144	77	113	69	70	86.9
1930	87	79	98	85	82	117	104	51	87	102	51	87	122	91	115	93	73	90.7
1940	96	80	102	82	86	119	109	82	100	106	71	95	112	110	105	94	90	95.4
1941	97	86	108	80	88	120	113	77	102	103	75	95	118	108	106	102	93	97.3
1942	96	97	84	81	95	115	97	75	90	106	83	99	120	113	107	86	77	96.2
1943	100	120	75	88	95	101	87	65	80	109	74	98	121	103	119	84	73	97.4
1944	106	107	84	90	97	99	104	65	92	114	78	103	128	107	108	92	86	100.4
1945	100	118	94	102	103	94	103	82	96	117	94	110	114	109	114	76	89	101.4
1946	104	109	101	96	108	95	103	112	106	111	106	109	114	104	113	81	109	104.1
1947	105	99	96	99	103	100	105	96	102	103	99	102	112	97	101	03	97	102.2
1948	98	97	101	101	99	99	99	100	99	101	99	101	92	103	100	98	101	98.9
1949	97	104	102	100	98	101	96	104	99	96	101	97	96	100	99	100	103	98.9
1950	97	113	111	102	98	108	85	113	94	92	109	98	93	110	98	111	92	100.2
1951	93	119	106	104	98	98	88	112	95	90	113	97	93	100	101	103	94	98.3
1952	98	122	105	104	99	101	85	126	98	88	119	98	84	99	99	107	94	100.3
1953	105	122	103	101	98	101	84	130	98	85	123	97	88	96	97	106	96	101.4
1954	104	129	104	100	99	106	80	131	96	84	124	96	88	94	95	109	85	101.3
1955	109	121	97	99	100	106	77	141	97	83	130	98	88	91	90	109	86	102.1
1956	112	136	98	98	101	106	76	142	97	83	134	99	84	97	91	111	88	103.8
1957	107	144	97	96	99	104	75	145	97	81	135	98	86	94	90	109	89	102.2
1958	101	156	102	95	97	105	76	137	95	79	143	99	81	93	92	110	89	101.3
1959	106	161	102	94	97	107	78	141	98	78	147	100	83	98	90	110	90	103.3
1960	108	158	100	90	97	106	73	148	97	81	152	104	82	95	90	110	89	103.0
1961	107	174	103	87	94	105	69	146	93	81	155	104	82	99	89	110	90	103.2
1962 4/	109	170	103	87	93	105	67	151	93	79	164	106	80	94	88	111	90	103.0
1963 4/	113	171	102	85	93	108	62	139	86	79	165	106	78	101	89	111	90	103.8
1964 4/ 5/	114	177	102	84	93	108	68	134	89	79	168	107	78	100	88	112	89	104.7

1/ Civilian consumption, starting 1941. Quantities of food items (using retail store weights) are combined in terms of 1947-49 retail prices. Ingredients of mixed foods are included in the primary groups given. Includes home-produced as well as commercial quantities. Revisions to incorporate Census of Agriculture changes and to reprice and rebase to the 1957-59 period are in process. 2/ Includes all soups and baby food. 3/ Excludes beans and peas, potatoes and sweetpotatoes. 4/ Data for Alaska and Hawaii are incorporated beginning 1962. 5/ Preliminary.

NATIONAL FOOD SITUATION

Approved by the Outlook and Situation Board, August 3, 1964

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SUMMARY

Food expenditures in the first half of 1964 exceeded those of a year earlier by about 4 percent. Substantial income gains, population growth, increased food consumption per capita, and slightly higher retail food prices each contributed to increased expenditures. Substantial gains took place in sales by away-from-home eating places. Disposable income gains, the result of a strong economy and reduced taxes, were greater than a year earlier. Population growth and price increases about equaled advances in the first 6 months of 1963.

For the year, food expenditures are expected to continue around 4 percent above a year earlier. At this rate, consumers would spend about 18½ percent of their disposable income for food this year.

Per capita food consumption in 1964 is expected to rise nearly 1 percent above the 1963 level. This annual increase would be the largest in 5 years. Sharply increased consumption per capita is taking place for beef and poultry meat, as a result of stepped-up production. Fresh citrus use is substantially larger than in 1963 when much freeze-damaged citrus went into processing. Other fresh fruits -- mostly apples -- and frozen vegetables also are contributing to increased consumption. Reduced per capita consumption is anticipated this year for pork, lamb and mutton, and processed fruit. Consumption of

home-produced food this year is declining again, as it has consistently for many years.

Retail food prices averaged 1 percent higher during the first half of 1964 than during first half 1963. Retail prices of food from livestock products averaged lower than a year earlier. Prices declined for beef and veal, pork, and poultry. As in 1963, increased prices of food from crop products accounted for all of the retail food price increase in the first half. Fruit and vegetable prices were higher, with large price rises occurring for potatoes. Coffee and sugar prices averaged substantially higher during the first half than a year earlier. On the average, retail food prices are seasonally high at midyear, so some seasonal decline can be expected during the balance of this year.

DEMAND AND SUPPLY OF FOOD

Growing Demand

Consumer income gains in postwar years have been substantial. The average (median) income of U. S. families in 1963 was $6,249, up 5 percent from 1962 (table 3). Last year's average income was more than double that

Table 3 .--U. S. family money income, 1947 and 1950-63

Year	Number of families	Percentage of families with income					Median income
		Under $3,000	$3,000-4,999	$5,000-6,999	$7,000-9,999	$10,000 and over	
	Thou.	Pct.	Pct.	Pct.	Pct.	Pct.	Dol.
1947	37,237	49	31	12	5	3	3,031
....							
1950	39,929	43	34	14	6	3	3,319
1951	40,578	36	35	18	7	4	3,709
1952	40,832	33	34	20	9	4	3,890
1953	41,202	30	32	21	12	5	4,233
1954	41,934	31	31	21	11	6	4,173
1955	42,843	29	30	22	13	6	4,421
1956	43,445	26	27	23	16	8	4,783
1957	43,714	25	26	25	16	8	4,971
1958	44,202	24	25	24	17	10	5,087
1959	45,062	23	22	24	19	12	5,417
1960	45,435	22	20	24	20	14	5,620
1961	46,341	21	20	22	21	16	5,737
1962	46,998	20	19	22	21	18	5,956
1963	47,436	19	18	21	23	19	6,249

Source: Bureau of the Census, Consumer Income, Current Population Reports, Series P-60, No. 42, June 12, 1964.

received in 1947. But, the Consumer Price Index has been rising also, 1 percent last year and 37 percent since 1947. Nevertheless, even in real terms income gains in postwar years were large. Real income per family in 1963 was 50 percent above 1947.

In 1963, an estimated 8.8 million families, about one-fifth of the total number, received money incomes below $3,000. It represent a decline of over one-half from 1947 when about 18.4 million families received less than $3,000. The number earning $10,000 or more increased sharply -- from 1.0 to 9.4 million in the 16-year period. Real income gains are apparent by noting that in 1947 about half of all families earned less than $3,000; in 1963 there were only 37 percent earning less than $5,000.

Disposable personal income amounted to $2,125 per capita in 1963, some 3 percent greater than a year earlier, and much above the 1947 level of $1,181. Disposable personal income per person, adjusted for price level change, rose 2 percent from 1962 to 1963; population increased about 1.4 percent. Such increases in income show up in increased expenditures for food, though not necessarily in total quantity of food purchased. Based on the average for postwar years, an increase of 1 percent in disposable income per capita (current dollars) has been associated with an increase of about 0.4 percent in food expenditures.

In January-June 1964, disposable income was 7 percent above the same year-earlier months. The per capita rise was over 5 percent. The cut in Federal tax withholding accelerated the rise. Wages and salaries, making up about two-thirds of personal income earned in the first 6 months, rose about 6 percent above the same year-earlier period. Other labor income, mostly fringe benefits, was up 8 percent. Incomes of businessmen and stockholders rose sharply during 1964's first half; dividends were up 12 percent. Transfer payments also rose substantially.

Output of food manufacturing industries in January-May 1964 was up 4 percent, seasonally adjusted, from a year earlier. Shipments by the food group increased 8 percent and inventories were only 2 percent larger. Despite the production increase, food manufacturing industries employed slightly fewer people during the first half of 1964 than a year earlier and hours worked per employee were down slightly; but, gross weekly earnings were larger by 3 percent.

Food and Feed Supplies

Crop acreage indicated on July 1 for 1964 harvest exceeds 1963 harvested acreage by about 1 percent for 16 food and feed crops. Production of total food grains was expected to be 11 percent larger this year than last; an 8 percent rise in prospective wheat acreage accounts for most of the increase. Soybean acreage is indicated 7 percent larger than in 1963. Feed grain production is expected to decline about 5 percent from 1963 according to the July 1 estimate. Feed grain use this year may decline slightly from last

year as a result of reduced feeding to livestock. (See table 9, p. 34 for production estimates for major food commodities.)

Summer production of fresh market vegetables, based on July 1 conditions, was indicated 2 percent below a year earlier; acreage of 9 vegetable crops planted for commercial processing was down 1 percent. Potato production during the first half of the year was below a year earlier -- the late spring crop was down about a fifth. However, the important late summer and fall crops are expected about to equal acreage in 1963. For the year, total potato acreage is expected to be down only slightly. Sweetpotato acreage is expected to drop 6 percent this year.

Red meat output in the first 5 months of 1964 totaled 7 percent larger than in January-May 1963. Beef output was 11 percent larger, and pork up 2 percent, but output of veal and lamb and mutton was down. Beef production in the balance of the year is expected to continue above 1963 though year-to-year gains will be smaller than during the first half; the July 1 cattle on feed report indicated a decline of 3 percent from the large year-earlier figure. Pork production is expected to drop below year-earlier rates in the latter half of the year as a result of an 8 percent year-to-year decline in the spring pig crop.

Total production and marketings of farm commodities likely will rise slightly during 1964 (tables 1 and 4). A larger increase is anticipated for livestock than crop products. Imports of farm commodities likely will decline from last year so the total of imports plus production may not be greatly different from 1963. Most major uses of farm commodities are expected to continue rising this year. Total uses of farm commodities this year may exceed production plus imports causing stocks to decline slightly.

FOOD CONSUMPTION PER CAPITA

Food consumption per capita is expected to rise about 1 percent this year, a larger-than-usual increase (table 2). The per capita food consumption index is a retail-price-weighted quantity index; so, its changes measure shifts among foods consumed and in total poundage. The index has trended slightly upward in recent years primarily because consumption of high-valued foods has increased. These foods, such as beef, are heavily weighted in the index. Total calorie consumption last year was about the same as in 1961 and 1962 but down about 2 percent from 1947-49. By comparison, the per capita food consumption index has risen 4 percent since 1947-49.

Beginning with this issue of the National Food Situation, food consumption estimates are being made on a 50-State basis, including Alaska and Hawaii. The per capita food consumption index was recomputed on a 50-State basis beginning with 1962. The addition caused only fractional changes in U. S. per capita consumption data. Later, the addition will be pushed back to 1960.

Table 4.--Supply-utilization of farm commodities, 1960-64 1/

(Index, 1957-59=100)

Year	New supply			Domestic use				Exports and shipments 4/	Stock change 5/
	Production	Imports 2/	Total	Food use	Feed and seed 3/	Other nonfood	Total use		
									Percent
				Section a. Total all commodities 6/					
1960	105.9	106.3	106.0	103.4	---	102.8	103.3	123.9	2.2
1961	104.6	112.6	105.5	105.6	---	103.0	105.3	124.6	-.1
1962	105.6	115.3	106.7	105.6	---	106.9	105.8	121.9	1.0
1963	110.5	117.5	111.3	109.1	---	106.1	108.8	136.1	1.4
1964 7/	112.3	107.0	111.7	111.5	---	107.1	111.0	146.4	-1.3
				Section b. Livestock products					
1960	103.0	105.4	103.1	103.2	94.8	102.9	103.0	97.5	8/
1961	105.7	122.0	106.3	105.2	96.4	102.0	104.9	107.8	1.2
1962	104.1	151.8	105.8	105.0	93.4	110.9	104.9	113.4	.5
1963	106.9	165.9	109.0	108.2	93.0	111.3	107.9	152.4	-.2
1964 7/	110.2	136.5	111.2	111.2	92.6	101.8	110.3	170.3	-.9
				Section c. Crop products					
1960	107.7	106.0	107.5	103.6	104.2	102.7	103.7	127.9	3.1
1961	105.7	110.1	106.3	106.4	110.2	103.3	107.6	127.1	-1.0
1962	109.4	106.8	109.0	107.1	111.7	105.9	108.9	123.2	1.1
1963	114.1	106.5	113.0	111.3	111.8	104.7	110.5	133.6	2.3
1964 7/	112.9	100.3	111.1	112.2	110.2	108.5	110.8	142.8	-1.1

1/ Quantity index weighted by average farm prices in 1957-59. Use of farm products allocated on the basis of value of processed products. See Measuring the Supply and Utilization of Farm Commodities, Agriculture Handbook No. 91, 1955 for basic methodology. On 50-State basis since 1962.

2/ Includes shipments from Alaska, Hawaii, and U. S. territories for 1960 and 1961.

3/ Livestock products include eggs for hatching, milk fed to animals and inedible tallow used for feed.

4/ Includes shipments to Alaska, Hawaii, and U. S. territories for 1960 and 1961.

5/ Percent of annual new supply. Includes farm, U. S. D. A., and commercial stocks. Positives indicate additions to stocks; negatives indicate reductions.

6/ Feed and seed omitted from total commodities to avoid double counting of use through livestock.

7/ Preliminary.

8/ Less than 0.05 percent.

Table 5.--Civilian per capita consumption of major food commodities, primary distribution weight, and civilian population, selected periods 1947-64 1/

Commodity	Average 1947-49	Average 1957-59	1961	1962	1963 Preliminary	Preliminary estimates for 1964	1964 as a percentage of 1947-49	1964 as a percentage of 1957-59	1964 as a percentage of 1963
	Pounds	Pounds	Pounds	Pounds	Pounds	Pounds	Percent	Percent	Percent
Meats (carcass weight) - Total	148.5	156.6	160.5	163.1	169.3	172	116	110	102
Beef	65.6	82.1	87.8	88.8	94.2	99	151	121	105
Veal	9.7	7.1	5.6	5.5	4.9	4.8	49	68	98
Lamb and mutton	4.8	4.4	5.1	5.2	4.9	4.5	94	102	92
Pork (excluding lard)	68.4	63.0	62.0	63.6	65.3	64	94	102	98
Fish (edible weight) - Total	10.4	10.5	10.8	10.7	10.6	10.6	102	101	100
Fresh and frozen	5.7	5.7	6.0	5.8	5.8	2/	----	---	---
Canned 3/	4.1	4.2	4.3	4.4	4.3	2/	---	---	---
Cured	.6	.6	.5	.5	.5	2/	---	---	---
Poultry products									
Eggs (farm basis) - Number	385	356	326	323	315	313	81	88	99
Chicken (ready-to-cook)	18.7	27.5	30.2	30.0	30.8	31.4	168	114	102
Turkey (ready-to-cook)	3.3	6.0	7.4	7.0	6.7	7.3	221	122	109
Dairy products									
Total milk fat solids	29.5	25.6	23.9	23.7	23.3	23.2	79	91	100
Total nonfat milk solids	42.9	43.8	42.5	42.0	41.4	41.1	96	94	99
Cheese	7.0	7.9	8.5	9.1	9.3	9.3	133	118	100
Condensed and evaporated milk	20.1	14.8	13.2	12.5	11.7	11.4	57	77	97
Fluid milk and cream	359	335	310	308	308	306	85	91	99
Ice cream (product weight)	18.7	18.4	18.0	17.9	18.0	18.0	96	98	100
Fats and oils - Total, fat content 4/	42.4	45.3	45.1	45.6	46.4	46.6	110	103	100
Butter, farm and factory (actual weight)	10.6	8.2	7.4	7.1	6.8	6.7	63	82	99
Margarine (actual weight)	5.6	8.9	9.4	9.3	9.3	9.6	171	108	103
Lard	12.4	9.3	7.7	7.2	6.4	6.2	50	67	97
Shortening	9.6	11.4	12.8	13.4	13.3	13.6	142	119	102
Other edible fats and oils	7.3	10.8	11.2	11.7	13.7	13.6	186	126	99
Fruits									
Fresh (farm weight) - Total	132.1	98.8	91.7	88.7	79.9	90.4	68	91	113
Citrus	54.8	33.5	30.2	28.9	21.8	27.1	49	81	124
Apples (commercial)	25.5	21.6	18.5	19.4	18.4	21.5	84	100	117
Other (excluding melons)	51.8	43.7	43.0	40.4	39.7	41.8	81	96	105
Processed:									
Canned fruit	18.9	22.5	23.4	22.9	23.3	22.2	117	99	95
Canned juice	15.9	13.8	13.0	13.3	14.5	13.2	83	96	91
Frozen (including juices)	3.2	8.6	8.8	9.7	8.0	7.8	244	91	98
Dried	3.9	3.3	3.1	3.0	3.3	3.3	85	100	100
Vegetables									
Fresh vegetables and melons (farm weight) 5/	147.9	129.4	129.6	126.0	126.9	126	85	97	99
Fresh vegetables	120.5	104.3	104.9	102.8	102.2	102	85	98	100
Melons	27.4	25.1	24.7	23.2	24.7	24	88	96	97
Canned	39.1	44.5	44.5	46.1	46.4	45.7	117	103	98
Frozen	2.9	8.2	9.9	11.6	11.9	12.9	445	157	108
Potatoes (farm weight) 6/	114	103	102	99	97	98	86	95	101
Sweetpotatoes (farm weight) 6/	12.6	7.2	5.5	6.1	5.9	5.4	43	75	92
Dry edible beans	6.7	7.7	8.0	7.7	7.4	7.1	106	92	96
Sugar, refined	95.2	96.1	97.7	97.2	96.6	96.2	101	100	100
Grains									
Corn products: Cornmeal	12.9	7.7	7.2	7.0	6.9	6.8	53	88	99
Corn sirup	9.9	9.4	10.6	11.5	12.4	13.5	136	144	109
Cornstarch	1.8	1.9	1.8	1.8	1.8	1.8	100	95	100
Corn sugar	4.2	3.6	3.7	3.9	4.5	4.8	114	133	107
Breakfast cereals	1.5	1.8	1.8	1.8	1.8	1.8	120	100	100
Hominy	2.8	2.9	3.0	3.0	3.0	3.0	107	103	100
Oat food products	3.3	3.5	3.5	3.5	3.5	3.5	106	100	100
Barley food products 7/	1.6	1.0	1.0	1.0	1.0	1.0	62	100	100
Wheat:									
Flour 8/	137	120	118	115	116	116	85	97	100
Breakfast cereals	3.2	2.8	2.7	2.6	2.6	2.6	81	93	100
Rye flour	1.4	1.2	1.1	1.1	1.1	1.1	79	92	100
Rice, milled	4.9	5.4	6.2	7.4	6.7	6.5	133	120	97
Other									
Coffee 9/	18.2	15.7	15.8	15.9	15.7	15.5	85	99	99
Tea	.58	.60	.60	.66	.67	.68	117	113	101
Cocoa beans	4.0	3.5	3.9	3.8	3.9	4.0	100	114	103
Peanuts (shelled)	4.4	4.6	4.9	4.9	5.1	2/	---	---	---
	Million	Million	Million	Million	Million	Million			
Civilian population 10/	145.1	171.5	181.2	183.8	186.6	189.3	130.5	110.4	101.5

1/ Quantity in pounds except for eggs which are stated in number. Data on calendar year basis except for dried fruits, which are on pack year basis; fresh citrus fruits, and peanuts on a crop year basis and rice on August 1 year. All years begin in the year indicated except for fresh citrus, which begins in October of the previous year, and rice, which begins in August of previous year. 2/ Not available. 3/ Excludes canned food products containing small quantities of fish, such as clam chowder, etc. 4/ Computed from unrounded data. 5/ This series covers total commercial production for sale as fresh, both for shipment to distant markets and for local markets. Excludes farm garden output for farm household use. 6/ Quantities canned and frozen excluded (included with processed vegetables). 7/ Barley used for food products in terms of malt equivalent. 8/ Includes white, whole wheat, and semolina flour. 9/ Green bean basis. 10/ Census estimates of July 1 civilian population (50 States beginning 1961). Used to derive per capita figures except for sugar, dried fruit, peanuts, and rice.

Consumption of home-produced food products again is declining this year and in 1964 is expected to total only about two-thirds that of 1957-59 (table 1). 1/ The decline has been more rapid for food from livestock products than for food from crops. Consumption of home-produced foods probably will account for only about 2 percent of total farm marketings in 1964.

Animal Food Products

Consumption of beef, veal, pork, and lamb and mutton is expected to total about 172 pounds per capita in 1964, on a carcass weight equivalent basis, about 3 pounds larger than last year (table 5). However, the total conceals some important shifts among the red meats (fig. 1). Beef consumption is expected to increase about as much as 1963's 5-pound jump over 1962. The rate of increase exceeded this figure during the first half of 1964. This relatively large increase in supplies has been accompanied by declining prices. Since meat is a relatively perishable commodity, most of it must move immediately to market. Foreign trade and carryover stocks are comparatively small. Veal consumption this year is expected to decline slightly from last year's per capita rate. For several years, veal consumption has declined while beef consumption has increased sharply.

Lamb and mutton consumption, which has remained around 5 pounds per capita in the past 5 years, may decline about half a pound this year.

A decline of 1 or 2 pounds per person is in prospect for pork consumption this year. All of the 1964 decline is expected to occur in the second half of the year. Production in the final quarter probably will fall off, compared with a year earlier, as the smaller spring pig crop moves to market.

Poultry meat consumption per capita probably will increase again this year. Both chicken and turkey are likely to increase. Between 1955 and 1961, retail prices fell drastically and poultry meat consumption rose rapidly (compare figs. 1 and 2). Poultry meat is one of the few commodity groups having lower retail prices than the average for 1950. Egg consumption probably will decline slightly again this year from last year's level of 315 eggs per capita.

Per capita consumption of milk products also may decline slightly again this year, continuing the postwar downtrend. Small reductions are indicated for fluid milk and cream, butter, and condensed and evaporated milk. Consumption of ice cream and cheese this year is expected about to equal that of 1963.

1/ The indexes in table 1, showing changes in volume of farm marketings and home consumption, have been rebased using 1957-59 average farm prices as weights. They were linked to the 1947-49 base period at 1955. In addition, commodity detail of food marketings and home consumption now are shown separately.

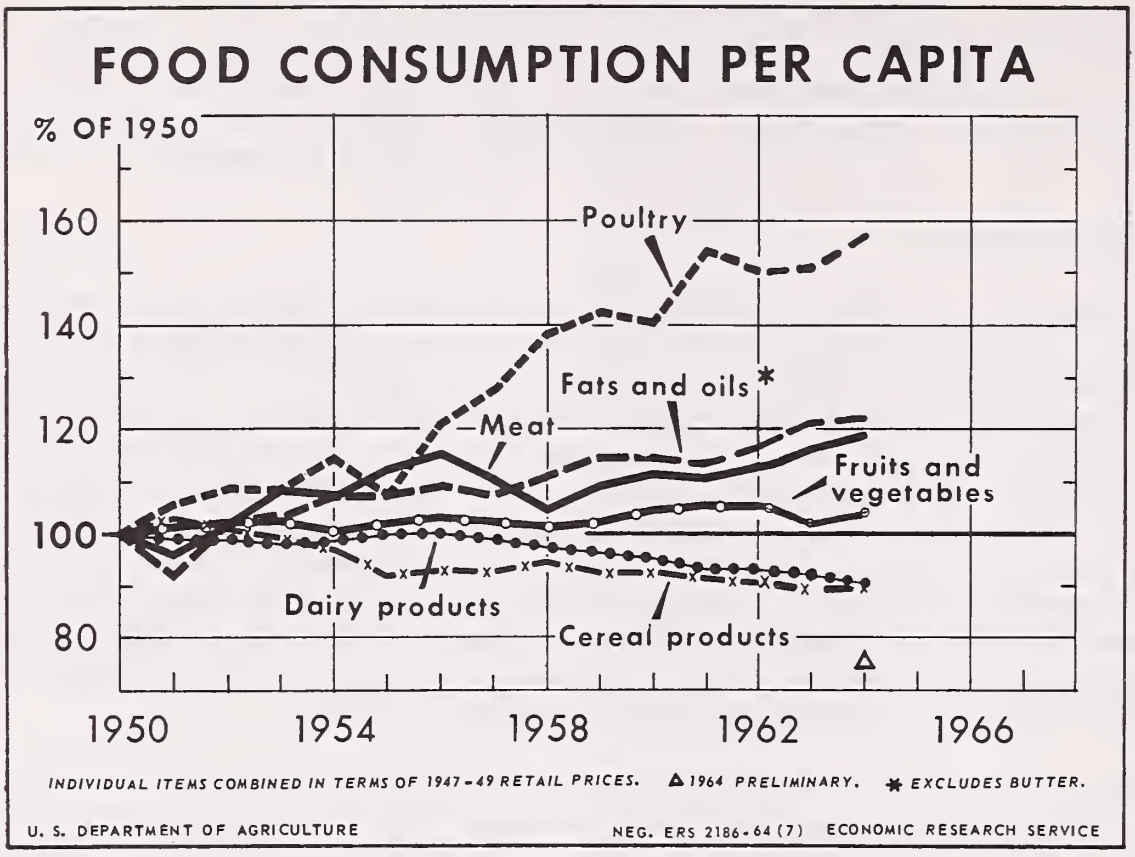

Figure 1

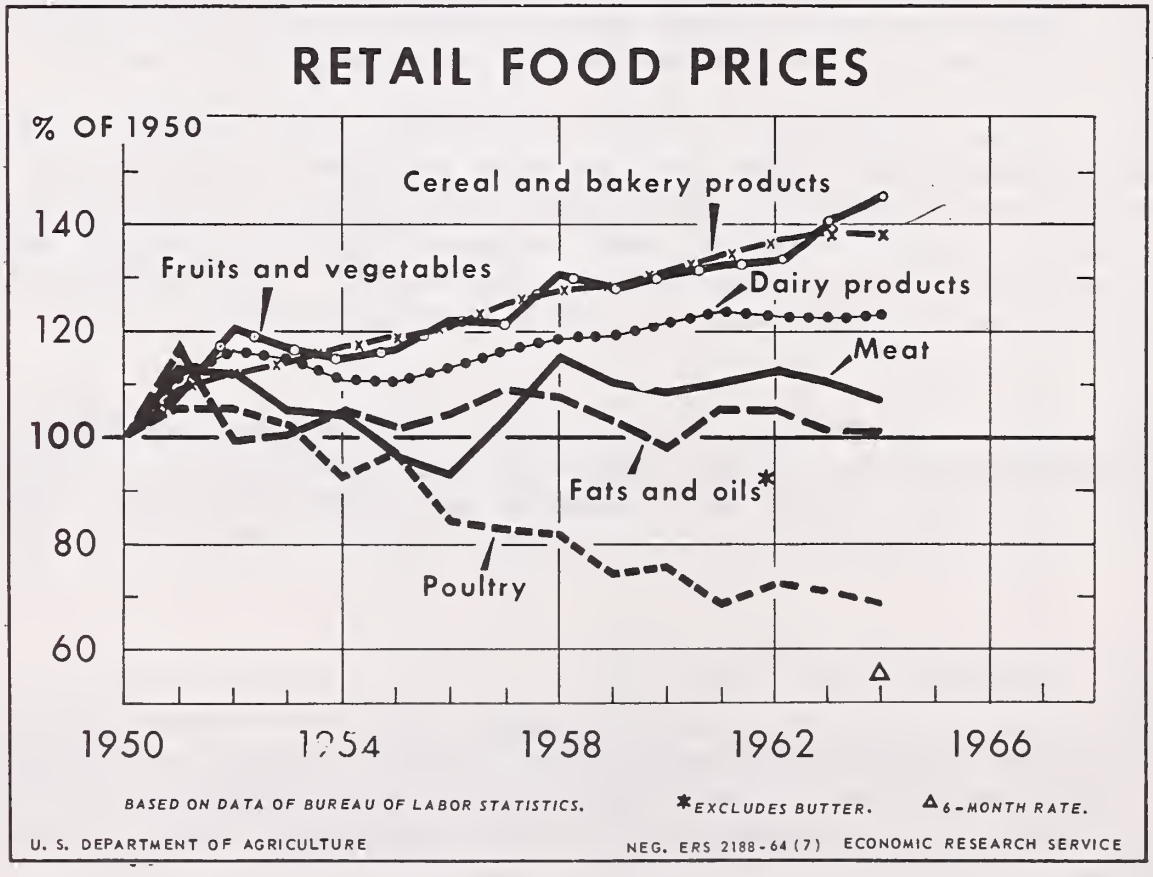

Figure 2

Foods From Crops

Consumption of vegetable oil products is expected to continue rising slightly this year as it has in recent years. Increases per person are anticipated for margarine, shortening, and cooking and salad oils. But declines can be expected for the animal fat group--composed of butter and lard. In total, per capita consumption of around 46 pounds of fats and oils (fat content) is expected again this year.

Fresh fruit consumption likely will rise sharply this year from reduced levels in 1963; processed fruit is expected to decline. This situation is a switch from the usual trend of substituting processed for fresh use. It arises primarily as a reversal from a year ago when freeze damaged citrus that normally would have been consumed fresh went into processing. Fresh citrus consumption is expected to rise well above that of 1963 but to fall short of 1961 and 1962 levels. In addition, the fresh use of apples is expected to rise because of good 1964 crop prospects. Fresh peach consumption likely will be down considerably, but most of the decline already has occurred as frost damage cut the southern States' crop by about three-fourths. Stocks of many canned fruits continue below year-earlier levels; consumption likely will be reduced.

Vegetable consumption per capita is expected to total about the same this year as last; 1964 production is expected to be down slightly from last year. Fresh vegetable use may be down fractionally. Canned stocks of vegetables currently are lower than last year. But per capita use of frozen vegetables likely will increase this year, as usual. Potato consumption in 1964 probably will about equal that of last year even though potato production is expected to be down slightly this year from last year's large crop, when excess supplies were diverted to other uses.

Little change is expected this year in the per capita consumption of the remaining major crop food groups: Cereal products, sugar, coffee, cocoa, and tea. Supplies of sugar appear to be adequate to meet requirements. Any small decline that may materialize more likely would be the result of competition from substitute sweeteners than from shortages of sugar supplies. Despite reduced world supplies of coffee and higher prices, adequate supplies will be available to the U. S. market to maintain consumption near the 1963 rate. American consumers normally will pay higher prices for coffee before reducing consumption noticeably.

RETAIL FOOD PRICES

Retail food prices averaged about 1 percent higher during the first half of 1964 than a year earlier (table 10). Retail prices averaged the same in the second quarter as in the first quarter, though prices usually increase during the first half year. This decline on a seasonally adjusted basis was due to declines in wholesale prices of processed food and farm products between February and May. Declines in wholesale prices tend to lead retail price changes by about a quarter, after adjustment for seasonality. Retail prices may stabilize near current levels during the latter half of the year. If so, the 1964 increase in retail food prices may average less than last year's 1.4 percent increase.

Foods From Animal Products

Retail prices of most meats averaged lower in the first half of 1964 than a year earlier. Beef and veal prices were down 4 percent. The large amount of beef "specialing" by retailers suggests that the average price paid for beef was down considerably more. Pork prices averaged 1 percent lower in the first half but all of the decline occurred in the first quarter. Poultry meat prices were lower by 5 percent. At 86.6 percent of the 1957-59 average, poultry meat prices were at a postwar record low level for the first half of a year.

In the latter half of the year, retail meat prices are expected to average about the same as in the same period of 1963. Price increases expected for pork may about offset possible beef price declines. By the final quarter, pork prices could be well above mid-year and year earlier levels, if slaughter is reduced as expected. For the year, meat and poultry prices are expected to average below 1963.

Retail egg prices averaged slightly lower in the first half of 1964 than a year earlier. Prices are expected to rise from seasonal lows in the second quarter but remain below prices of comparable year-earlier periods throughout the year. (See November 1963 National Food Situation for charts showing seasonality in retail egg and other food prices.) Dairy product prices were higher than a year earlier by about 1 percent during the first half. This price increase is expected to hold through the balance of the year.

On the average, retail prices of food from all livestock products sold in food stores averaged about 1 percent below a year earlier during the first 6 months of the year. Prices of these products are expected to average slightly lower for the year.

Food From Crops

In contrast to livestock, food from crops averaged nearly 4 percent higher in price during the first 6 months of 1964 than during the same 1963 months. This rate of increase is not expected to hold during the latter half of the year, but prices are expected to average above year-earlier levels. For the year, they are expected to account for most of the increase in the all food component of the Consumer Price Index. Prices of food purchased away from home, accounting for about 20 percent of the index weight, probably will rise an average of 2 percent.

Rapid run-ups in retail prices of coffee, potatoes, and fresh peaches attracted much attention so far this year. Meanwhile, sugar prices receded from high levels of last year and early 1964.

Retail roasted coffee prices averaged 14 percent higher in the first half of the year compared with a year earlier. World supply and demand conditions, upon which the U. S. coffee market is dependent, explain most of the price rise. The short Brazilian crop, just completed, and expectations of an even smaller one in the crop year begun July 1 caused a reversal of the excess supply situation that had persisted for nearly a decade. The U. S. coffee trade, accustomed to carrying only pipeline stocks, quickly bid prices up and began to accumulate stocks. Retail prices early in the year did not rise as rapidly as did those at wholesale. However, by midyear retail prices probably had fully reflected higher wholesale prices. Meanwhile, wholesale prices receded somewhat during the second quarter. As a result, retail prices in the second half of the year are expected to remain near current levels--assuming current estimates of production and consumption prove valid.

Higher potato prices resulted from short crops during the first half of the year. Consumers are willing to pay sharply higher prices for potatoes, as for coffee, before reducing consumption noticeably. So, when supplies are short, prices rise sharply. Conversely, prices fall drastically when excess supplies enter the market. Potato prices likely will decline considerably this fall from current high levels as supplies again are expected to be plentiful.

Fresh peach prices reflected the weather. A hard frost nearly wiped out early season peaches from the Southern States. Early season retail prices were about double those of a year earlier. This situation is being corrected as fresh peaches arrive from Northern and Western States.

The price of all fruits and vegetables averaged about 2 percent higher during the first half than in the same months of 1963, despite the large increase in prices for citrus products last year. Many fresh produce items show seasonal price declines going into peak production months of late summer and fall. Prices are expected to average near those of a year earlier in the latter half of the year.

Average retail prices of fats and oils are running slightly above those of a year earlier but are expected to average about steady for the year.

Cereal and bakery product prices were about steady with a year earlier during the first half of this year. Wholesale price increases have been announced for flour. The increase for the year is not expected to exceed the postwar uptrend (fig. 2). Retail prices of cereal and bakery products have trended upward in the last decade about as rapidly as that of any other major food group. The cost of marketing far exceeds the cost of raw farm products going into many cereal and bakery products.

FOOD EXPENDITURES

First half expansion in food expenditures along with prospective trends in population and income suggest that about a 4 percent annual gain will take place from 1963 to 1964. Total retail food store sales in the first 5 months of the year exceeded the year-earlier period by 3 percent. Sales by eating and drinking places were 6 percent larger. Population and price increases continue to exert the primary upward pressures on total food expenditures. In addition, an increase in per capita food consumption is in prospect.

Last year food expenditures (not including alcoholic beverages) totaled $76 billion, an average of about $401 per capita. Sales by retail food stores, including some nonfood sales, averaged $317 per capita. Per capita sales by eating and drinking places averaged $97. By regions, per capita retail food store sales varied from a high of $359 in the Northeast to $272 in the South; sales by eating and drinking placed varied from $120 in the Northeast to $66 in the South.

Between 1962 and 1963, retail food stores operated by firms with 11 stores or more increased sales by the same proportion--3 percent--as did the average of stores operated by firms with 1 to 10 stores each. As a result, the proportions of total business remained the same; the 1-10 store group accounted for 59 percent of sales and the 11-and-over group accounted for 41 percent. The 41 percent, based on an annual sample survey, compares with census estimates of 44 percent of sales by the 11-and-over group in 1958, 34 percent in 1948, and 33 percent in 1939.

Food expenditures are expected to account for about 18½ percent of disposable income this year, down fractionally from last year's 19 percent (see cover chart, which is based on table 5 in May National Food Situation). Civilian expenditures for U. S. farm foods (excludes imported food and seafoods) took 16 percent of disposable income in 1963; about two-thirds of this went for marketing charges and the balance to farmers. The decline in expenditures for food as a proportion of disposable income that has taken place in recent

place in recent years has been due to a decline in farm value relative to income. The total marketing bill has remained almost steady as a proportion of income.

Expenditures for food take a smaller share of total consumption expenditures in the United States than in any other country of the world for which data are available (table 6). 1/ Canada is a close second to the United States, followed by Australia, Denmark, and Sweden. Most West European countries spend around a third of total expenditures for food. Many countries in Asia, Eastern Europe, and Africa spend half or more of total expenditures for food. However, comparisons among some of these countries lose significance when nonmoney incomes are large relative to money incomes. In general, high percentages are associated with low average incomes and vice versa. Countries with over $500 per capita annual income tend to average about the same calorie supply per capita. But higher income countries tend to spend more for meat and other relatively high valued foods.

The 1960-61 consumer expenditure survey conducted by Bureau of Labor Statistics reported 24.3 percent of total expenditures for current consumption spent for food in urban United States. It represented a decline from 29.7 percent reported from the 1950 BLS survey. These percentages exceed those computed on the basis of U. S. national income account data from the Department of Commerce, which show 21.1 percent of personal consumption expenditures spent for food in 1960-61.

Various sampling and definitional differences explain the deviation. The largest difference is in the definition of expenditures. When expenditure data from the survey are adjusted as closely as possible to those of Commerce's personal consumption expenditures, food expenditures account for 21.6 percent of the total. 2/ The part of the BLS 1960-61 survey reported here sampled only urban households in 66 cities whereas the Commerce data are National aggregates of the entire population, including farm households. Later reports will give the results of food expenditures by farm and rural nonfarm households in 1961. A subset of the BLS urban survey covering wage earners and clerical workers was used as the basis for the recent revision of the Consumer Price Index.

1/ Food expenditures here are compared with total private consumption expenditures rather than with disposable personal income, the more usual comparison of U. S. data and the one used on the cover chart. Disposable income is the total of consumption expenditures and saving, so the percentages in table 6 are slightly higher than if they had been computed on the basis of disposable income. For the United States, food expenditures as a proportion of disposable income were 19.5 percent in 1961 compared with the 21.2 percent when taken as a percentage of consumption expenditures. The 21.2 percent, based on data adjusted by the United Nations for comparability with other countries, differs slightly from U. S. national income accounting data. Of course, discrepancies and difficulties in obtaining comparable data from different countries probably overshadow the importance of these distinctions.

2/ Gifts and contributions, personal insurance, and estimated net savings were added to expenditures for current consumption in approximating personal consumption expenditures from the national income accounts.

Table 6 .--Expenditures for food as a proportion of private consumption expenditures, by countries, 1954-61 1/

Country	1954	1955	1956	1957	1958	1959	1960	1961
	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.
North America								
Canada	23.7	23.1	23.1	23.4	23.4	23.3	22.7	22.6
United States 2/	24.4	23.2	23.2	23.0	23.2	21.9	21.5	21.2
Latin America								
Dominican Republic	50.8	49.7	52.1	51.9	52.5	51.0	---	---
Ecuador	48.8	48.3	49.0	45.6	44.8	44.3	43.8	45.0
Honduras	47.4	49.9	45.0	45.6	43.2	---	---	---
Jamaica	41.7	40.6	39.2	37.8	38.2	36.8	35.2	34.0
Panama	41.8	41.0	38.7	39.1	37.0	37.9	35.4	---
Peru	38.9	39.0	38.9	38.9	39.7	39.7	---	---
Trinidad and Tobago	37.8	37.6	38.1	37.1	36.8	36.8	---	36.4
Western Europe								
Austria	37.1	36.3	35.7	35.1	35.1	35.0	---	---
Belgium	29.8	29.2	29.5	28.6	29.5	28.9	28.1	---
Denmark	27.4	27.5	27.4	25.8	25.6	24.9	24.6	25.3
Finland	39.2	37.7	38.7	40.2	41.0	39.4	38.0	37.1
France	34.8	34.0	33.3	31.6	31.9	31.3	30.6	30.2
Greece	48.2	49.0	46.5	45.7	45.2	46.3	45.0	43.0
Ireland	39.1	39.2	38.5	38.9	39.4	40.2	38.2	37.2
Italy	47.2	46.8	46.7	45.8	45.6	45.2	44.7	44.2
Luxembourg	34.2	34.7	35.3	35.0	35.1	35.2	---	---
Netherlands	34.4	32.8	32.4	31.8	31.8	31.7	30.5	30.8
Norway	30.8	30.7	31.4	30.2	30.7	30.3	29.1	29.1
Spain	---	34.3	35.8	34.9	33.7	34.0	34.4	---
Sweden	30.0	29.8	29.9	28.7	28.2	27.3	27.3	26.7
United Kingdom	31.3	31.8	32.0	31.6	30.7	30.3	29.5	29.0
Eastern Europe								
Yugoslavia	51.7	53.2	53.0	48.3	48.3	46.5	44.8	43.8
U. S. S. R.	---	3/50.1	---	---	---	---	---	---
Africa								
Ghana	---	52.9	54.9	55.3	54.4	54.8	54.1	---
Rhodesia and Nyasaland	43.3	41.9	40.5	40.2	40.6	40.5	40.2	40.9
South Africa	33.9	32.9	33.1	32.5	31.9	31.3	---	---
Asia								
Ceylon	54.1	53.9	53.7	55.2	53.9	52.8	51.5	---
China (Taiwan)	57.8	57.8	56.1	55.0	54.3	53.4	53.3	52.4
Israel	---	32.5	33.6	32.6	33.3	32.7	32.3	31.8
Japan	55.3	53.5	52.6	51.5	50.8	48.8	46.9	45.3
Korea, Republic of	49.9	49.9	54.0	58.4	53.2	49.6	50.4	52.5
Oceania								
Australia	25.7	26.0	26.1	25.3	25.4	24.8	25.0	25.2

1/ Expenditures defined as those of households and private nonprofit institutions, excluding beverages.

2/ Food includes nonalcoholic beverages.

3/ Food includes all beverages.

Source: United Nations, Yearbook of National Accounts Statistics, 1962 except datum for U.S.S.R. from A. Bergson and S. Kuznets Economic Trends in the Soviet Union, Harvard Univ. Press, 1963, p. 361.

BRIEF TOPICS

Domestic Food Distribution

Domestic food distribution programs have expanded sharply in recent years (table 7). 1/ Total expenditures for a wide variety of programs increased about 5 percent in the fiscal year ended June 30, 1964; the increase was 67 percent over the last 7 years. However, the total value of about $710 million represents only about 1 percent of total U. S. food expenditures. About 61 percent of the total was in commodities acquired under USDA's price-support and surplus-removal programs and donated through the Direct Distribution Program of the Agricultural Marketing Service. The balance was purchased locally with funds allocated for specific purposes or purchased with coupons under the food stamp program. Butter, cheese, and nonfat dry milk accounted for about half of the value of foods donated for domestic use in fiscal 1963 (fig. 3).

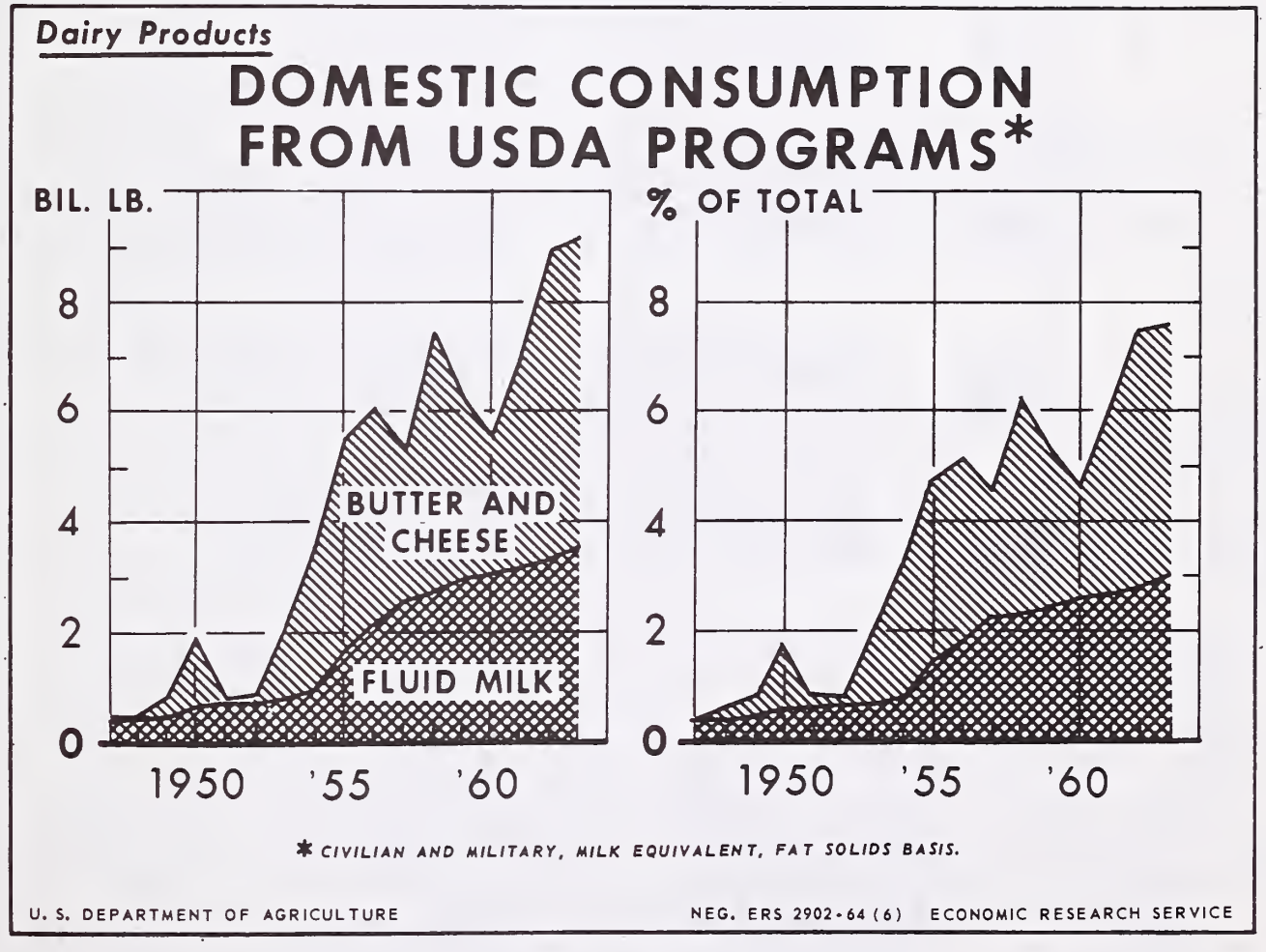

Figure 3

1/ Miller, Robert, "Domestic Food Distribution Programs," Dairy Situation, DS-301 (June 1964) pp. 29-35.

Table 7 .--Public food distribution programs: Federal contributions of agricultural commodities and funds, fiscal years, 1957-64

Programs and recipients	1957	1958	1959	1960	1961	1962	1963 1/	1964 2/
	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.
Commodities donated for direct distribution 3/								
Needy persons	77.9	75.9	107.0	59.4	140.0	226.9	204.4	196.2
Institutions	26.5	33.5	29.9	15.8	34.0	25.9	29.0	33.2
School lunch	132.0	76.0	66.8	70.9	71.6	113.0	121.0	128.6
School lunch (Sec. 6)	14.7	14.8	42.7	61.1	61.1	69.1	58.9	59.3
Military and Veterans	12.8	16.4	18.2	6.2	10.2	17.6	15.6	18.6
Total	263.9	216.6	264.6	213.4	316.9	452.5	428.9	435.9
Funds for local food purchases								
National School Lunch	83.9	83.8	93.9	93.8	93.7	98.8	108.6	120.8
Special Milk	60.5	66.3	74.3	80.5	84.2	89.2	93.6	99.3
Military and Veterans milk	16.4	30.4	23.0	23.6	25.3	25.9	24.8	25.5
Pilot Food Stamp	---	---	---	---	.4	13.2	18.6	28.6
Total	160.8	180.5	191.2	197.9	203.6	227.1	245.6	274.2
Grand total	424.7	397.1	455.8	411.3	520.5	679.6	674.5	710.1

1/ Preliminary.

2/ Estimated.

3/ Costs incurred by Federal Government in procuring, processing, storing, and transporting donated commodities.

Over half of the donated food commodities and funds was received by schools for lunches. The School Lunch Program is available to nearly three-fourths of the Nation's children in elementary and high schools. About one-third of the total enrollment of 47 million children participated last year. The average payment per child was 28 cents per meal. Contributions from all sources in cash and commodities were valued at an additional 22 cents per meal.

Around 6 million needy persons, including victims of hurricanes, floods, and other natural disasters, received about a third of the food or coupons distributed under these programs last year. It included $196 million worth of food distributed directly to needy persons and $29 million spent on the Pilot Food Stamp Program. Direct food distribution averaged about $9 retail value per person per month. Participants in the food stamp program paid an average of $10 per person per month for coupons valued at $17. The program currently is operating in 43 cities and counties in 22 States and serves about 360,000 needy people. A bill pending before Congress authorizes a Nationwide Stamp Program with $75 million for the first year, $100 million for the second year, and $200 million for the third year of operation. The Food Stamp Program is designed to allow recipients a wider choice of foods and an opportunity to obtain a nutritionally balanced diet.

About 5 percent of the food distributed under these programs in fiscal year 1964 went to about 1.4 million persons in charitable institutions. Another 6 percent of total Federal contributions went to the Armed Services and Veterans Administration. Use of fluid milk for troop feeding has been more than tripled by this program.

Government Program Exports

Exports under specified Government-financed programs totaled $1.6 billion in 1963, 29 percent of total agricultural exports (table 8). 2/ Exports of food and feed products made up nine-tenths of the total shipped under these programs last year. Wheat and wheat flour accounted for 60 percent of the total value. Cotton, dairy products, and edible vegetable oils were other major commodities.

Nearly all of these exports were shipped under Public Law 480 which has expanded steadily since its inception in mid-1954. Sales for foreign currency accounted for the bulk of exports under P.L. 480 last year. About 90 percent of these sales went to the following 10 countries: India, Pakistan, United Arab Republic-Egypt, Republic of Korea, Yugoslavia, Turkey, Brazil, Indonesia, Poland, and Taiwan (Formosa). Foreign disaster relief and donations under P.L. 480 totaled $343 million in 1963, equal to roughly half the amount donated domestically under various food or funds distribution programs (table 7).

2/ DeBlois, Eleanor N., "Government Program and Commercial Exports in Calendar Year 1963," Foreign Agricultural Trade of the United States, June 1964.

Table 8.--U.S. exports under specified Government-financed programs, exports outside specified Government-financed programs, and total agricultural exports: Value and percent of total, calendar years 1955 through 1963

Type of export	1955	1956	1957	1958	1959	1960	1961	1962	1963	1955 through 1963
	-- Million dollars --									
Public Law 480:										
Title I, sales for foreign currency	263	638	762	753	732	1,016	879	997	1,151	7,191
Title II, disaster relief	121	102	71	84	56	79	195	143	174	1,025
Title III, donations	188	186	166	159	107	122	155	178	169	1,430
Title III, barter	262	372	244	65	176	118	182	137	75	1/1,631
Title IV, long-term supply and dollar credit sales	---	---	---	---	---	---	1	42	51	94
Total Public Law 480	834	1,298	1,243	1,061	1,071	1,335	1,412	1,497	1,620	11,371
Mutual Security (AID), Secs. 402 and 550, sales for foreign currency and economic aid 2/	351	449	318	214	158	157	179	35	11	1,872
Total exports under specified Government-financed programs	1,185	1,747	1,561	1,275	1,229	1,492	1,591	1,532	1,631	13,243
Total exports outside specified Government-financed programs 3/	2,014	2,423	2,945	2,580	2,726	3,340	3,433	3,502	3,953	26,916
Total agricultural exports	3,199	4,170	4,506	3,855	3,955	4,832	5,024	5,034	5,584	40,159
	-- Percent --									
Public Law 480:										
Title I, sales for foreign currency	8	15	17	19	19	21	17	20	21	18
Title II, disaster relief	4	2	2	2	1	2	4	3	3	2
Title III, donations	6	5	4	4	3	3	3	3	3	4
Title III, barter	8	9	5	2	4	2	4	2	1	4
Title IV, long-term supply and dollar credit sales	---	---	---	---	---	---	4/	1	1	4/
Total Public Law 480	26	31	28	27	27	28	28	29	29	28
Mutual Security (AID), Secs. 402 and 550, sales for foreign currency and economic aid	11	11	7	6	4	3	4	1	4/	5
Total exports under specified Government-financed programs	37	42	35	33	31	31	32	30	29	33
Total exports outside specified Government-financed programs	63	58	65	67	69	69	68	70	71	67
Total agricultural exports	100	100	100	100	100	100	100	100	100	100

1/ The addition of $22 million shipments under the barter program in July-December 1954 brings the total of shipments under this program since the beginning of P.L. 480 to $1,649 million.

2/ Values shown are disbursements for exports.

3/ Exports "outside specified Government programs" (sales for dollars) include, in addition to unassisted commercial transactions, shipments of some commodities with governmental assistance in the form of (1) extension of credit for relatively short periods, (2) sales of Government-owned commodities at less than domestic market prices, and (3) export payments in cash or in kind.

4/ Less than $\frac{1}{2}$ percent.

Remaining agricultural exports totaled $4.0 billion last year, also a record high and double the $2.0 billion during 1955. These remaining exports were mainly sales for dollars but included sales at less than domestic market prices and those accompanied by export payments. Feed grains and soybeans were the major commodities exported, each with 18 percent of the total. The animals and products group, including dairy products, was next in size with 14 percent, followed by cotton with 11 percent.

U. S. Beef Exports

Low U. S. prices and high European prices for beef have encouraged U. S. exporters to resume exporting beef to Europe after a break of nearly half a century. Beef shortages from Europe's traditional sources -- Argentina, Australia, and New Zealand -- have driven prices up sharply. Unusually low U. S. prices have made it possible to ship beef to France and other European countries at a profit. France has encouraged such imports by cutting tariffs. To date, commercial meat sales to Europe have been small. The demand appears to center primarily on lean beef of a grade lower than U. S. Choice. At least 2 shipments of live feeder cattle, reminiscent of 19th century cattle boats, have been exported under a joint promotion program.

On July 21, the third Food-for-Peace sale of $11.7 million of U. S. beef was announced. This sale -- to the United Arab Republic (Egypt) -- followed earlier sales to Israel and Chile. The 3 sales totaled approximately 38.7 million pounds of beef. They were made under Public Law 480, which only recently has been broadened to authorize sales of beef for foreign currency or under long-term loan.

By comparison, domestic USDA purchases of beef for distribution to schools, institutions, and needy families totaled 135.4 million pounds between March 2, when the program began, and July 9.

Food Marketing Study

Congress established a National Commission on Food Marketing to study the food industry from the producer to the consumer and report its findings and conclusions by July 1, 1965. It was given power to administer oaths and subpoena the attendance and testimony of witnesses and evidence. In addition, all departments of the Government were directed to furnish information requested by the Commission. Congress appropriated $1.5 million for the project.

The Commission is composed of 15 members, including: (1) 5 members of the Senate, appointed by the President of the Senate; (2) 5 members of the House of Representatives, appointed by the Speaker of the House of Representatives; and (3) 5 members appointed by the President from outside the Federal

Government. Senate appointees are Magnuson (Wash.), McGee (Wyo.), Hart (Mich.), Morton (Ky.), and Hruska (Nebr.). House of Representatives appointees are Purcell (Tex.), Rosenthal (N.Y.), Mrs. Sullivan (Mo.), Mrs. May (Wash.), and Cunningham (Nebr.). Public members are Elmer Kiehl, dean of the School of Agriculture, University of Missouri, Fred Marshall, ex-Congressman from Minnesota, Albert Mitchell, cattleman from New Mexico, William Batten, president of J. C. Penney Co., and Marvin Jones, Chief Judge of the United States Court of Claims, former Chairman of the House Agriculture Committee and war food administrator during World War II. Mr. Jones is chairman of the Commission.

The Commission was directed to study and appraise the marketing structure of the food industry, including: (1) Changes that have occurred in the various segments of the industry; (2) likely future changes, assuming current trends; (3) the kind of food industry that would assure efficiency of production, assembly, processing, and distribution; (4) changes in laws or structure of the industry which would be appropriate to achieve a desired distribution of power; (5) effectiveness of the services of the Federal Government in terms of present and probable developments in the industry; and (6) the effect of imported food on U. S. producers, processors, and consumers.

Size of New Supermarkets

The sales volume of new supermarkets opened in 1963 averaged $37,600 per week ($2.0 million annual rate) according to an industry sample survey of 192 new supermarkets. 2/ These stores averaged 19,900 square feet in area, so sales per square foot averaged $2.87. No significant trend toward larger stores is noticeable comparing first-year data for new stores opened in recent years. Data for 1957, a record high year, show average sales of $38,800 per week, 22,000 square feet, and $2.93 in sales per square foot. The definition of a "supermarket" excludes stores selling less than $1.0 million per year. As a result, the data do not show the average size of all self-service grocery stores. Nevertheless, all supermarkets operated by members of Super Market Institute averaged sales of $35,800 per week during 1962, an annual rate of $1.9 million.

2/ Super Market Institute, Facts About New Super Markets Opened in 1963, 11th annual report, Chicago, Ill., 1964.

COMMODITY REVIEWS

Meat

Consumption of red meat in 1964 likely will average about 3 to 4 pounds above the record 169.3 pounds consumed per person last year. Higher beef consumption will be only partly offset by decreases in pork, veal, and lamb and mutton. Retail meat prices this year likely will average slightly lower than a year earlier. Beef and veal prices are expected to average a little lower than in 1963 while both pork and lamb probably will be priced higher.

Beef consumption may reach 100 pounds per person this year, which would be 5 to 6 pounds above the 1963 record level. Per capita consumption of beef in the third quarter of 1964 likely will average slightly above the 24.5 pounds consumed in these months a year earlier, but a pound or two below the high consumption in second quarter. Fourth quarter beef consumption probably will average 1 to 2 pounds above the 24.0 pounds consumed per person in October-December 1963. Retail beef prices in the latter half of the year are expected to average a little below those in the same months of 1963, but above those in first half 1964. (See table 11, p. 36 for quarterly meat consumption.)

Veal consumption in the second half likely will be about the same as the 2.5 pounds consumed per person in July-December 1963. First half consumption trailed 1963 rates slightly. Retail veal prices this summer and fall likely will be little changed from the same months a year earlier.

For the year, pork consumption may average 1 to 2 pounds below the 1963 level of 65.3 pounds per person. During the third quarter, pork supplies on a per capita basis are averaging less than the 15.1 pounds consumed these months a year earlier and less than during April-June. Pork consumption is expected to make a smaller-than-usual seasonal increase in the fourth quarter and average below the 18.0 pounds consumed per person in the same months of 1963. Retail pork prices began the year below those of a year earlier, but currently are above those of 1963. Prices likely will remain above 1963 levels during the third and fourth quarters.

Lamb and mutton consumption in July-September and October-December likely will average slightly less than a year earlier. For the year, consumption per capita may be 6-8 percent lower than in 1963. Lamb prices at retail in the second quarter averaged a little higher than in April-June 1963 and they are expected to stay above for the rest of 1964.

Fishery Products 1/

Supplies of edible fishery products were larger during the first 6 months of 1964 than a year earlier. Larger holdings of frozen products at the beginning

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1/ Prepared by the Bureau of Commercial Fisheries, Fish and Wildlife Service, U.S. Department of the Interior.

of the year and larger imports more than offset reduced landings. With prices at retail somewhat lower this year than last, consumption of fishery products advanced slightly.

At midyear, stocks or edible frozen products were off about 5 percent from a year earlier. Holdings of fish sticks and portions, halibut and cod fillets, and steaks were down considerably. Haddock fillets, crabs (including crabmeat), and raw headless shrimp were held in larger quantities than on June 30, 1963.

Consumption of fishery products likely will continue above a year earlier throughout the summer and fall months. Although present conditions point to reduced domestic landings of some major species--scallops, halibut and ocean perch, in particular--increasing imports are likely to more than compensate for the decline. Marked increases over 1963 are expected in imports of tuna, scallops, ocean perch, and cod.

Retail prices are expected to continue at least as favorable for consumers as last year. The retail food price index for fish is expected to average slightly below a year earlier during the latter half of this year. Some slight seasonal increase in prices is expected toward the end of the year.

Poultry

In the first half of 1964 poultry supplies and consumption were record large and prices to consumers for broilers and fryers were mostly 1 to 2 cents per pound under a year earlier. Prices averaged the lowest for any first half year in the post World War II period. For the rest of the year, production is expected to continue larger than in the comparable period of 1963. Retail chicken prices in the second half are likely to rise slightly above the first half and average only a little under July-December 1963; however, they will average somewhat above the record low prices of July-December 1961.

Per capita consumption of chicken in 1964 is expected to reach a new high, exceeding last year's record of 30.8 pounds by about 2 percent. Turkey use per capita probably will be up about 9 percent from last year's 6.7 pounds and may approach the 1961 record of 7.4 pounds.

Federally certified slaughter of chicken (ready-to-cook weight) in January-June totaled 2,393 million pounds, compared with 2,235 million pounds in this period of 1963. In this third quarter, production of broilers (88 percent of all chickens in 1963) likely will be down about to the 1963 level, but output may again be significantly higher in the fourth quarter.

Turkey slaughter in the first half, though seasonally small at 203 million pounds, was up 18 million pounds from January-June 1963. For the year as a whole, turkey production is expected to total about 8 percent

higher than in 1963. Cold storage holdings of frozen turkey were at or near the low point for the year on July 1 when stocks about equaled those of a year earlier. Stocks for the holiday season likely will build up more rapidly this year than last because of the larger crop. They are expected to reach a high on November 1, significantly above last year's peak of 361 million pounds.

Eggs

Egg production in the first 6 months of 1964 totaled 2,761 million dozen compared with 2,697 million in the same period of 1963. Most of the increase in output occurred in the first quarter. Consequently, the bulk of the seasonal decline in egg prices this year took place between February and March, 1 month earlier than in 1963. Retail prices for Grade A large eggs in January-June averaged 53.8 cents per dozen, about a half cent below a year earlier. In June this price was seasonally low at 48.5 cents per dozen.

In the second half, egg production is likely to remain higher than in the comparable months of 1963, with the margin widening as the year progresses. During this period, the Nation's laying flock is expected to be as large or slightly larger than a year ago. Some further upturn in egg production per layer is expected, particularly in the last quarter. Expanding egg production relative to 1963 will tend to dampen the usual seasonal rise in egg prices which is now underway. In September-December, prices of large eggs probably will be 5 to 10 cents per dozen higher than in June but slightly under a year earlier.

The 12-year decline in civilian per capita egg consumption likely will extend through 1964 but the decrease this year is expected to be small. Per capita use is expected to average only slightly below the 315 eggs in 1963.

Dairy Products

Milk production in 1964's first half was about 1 percent larger than a year earlier, while marketings by farmers increased about 1½ percent. Use in the first half exceeded a year earlier. Milk production is declining seasonally during the second half but may remain slightly above last year's level for that time.

Combined CCC purchases and payment-in-kind exports were slightly above year-earlier levels in the second quarter. Government stocks declined. June 1 stocks of manufactured dairy products in commercial hands were up slightly from a year earlier. Though supplies of dairy products are high, they will likely decrease in the second half as milk production declines seasonally.

During January-May 1964 sales of fluid whole milk in major State and Federal marketing order areas increased 1 percent over a year earlier. In January-April, sales of skim milk and low fat items increased 12 percent and use of fluid cream declined 2 percent. Per capita sales of fluid milk products in urban areas may increase this year but per capita consumption of the entire civilian population may not reach the 308 pounds milk equivalent of 1963, since consumption of home produced milk in farm households continues to decline.

Butter consumption rose about 3 percent from a year earlier during January-May 1964, primarily due to increased USDA donations. For all of 1964, butter consumption per person is likely to fall slightly below the 6.8 pounds of 1963.

Total disappearance of cheese in the first 5 months was about 1 percent above the same period of 1963. Gains are occurring in both American and foreign-type cheeses, based on preliminary disappearance data. Consumption per person of cheese in 1964 is likely to continue close to the same level as last year's 9.3 pounds.

Use of evaporated milk in early 1964 was about 1 percent below a year ago. The 1964 per capita use is expected to fall from the 9.4 pounds in 1963, but it appears that the decline will be less than that of recent years.

During the first 5 months of 1964, total production of ice cream increased 1 percent from a year earlier. This year's per capita civilian disappearance likely will average about the same as last year's 18 pounds of ice cream. Milk used in ice cream and other frozen desserts will be near last year's 52 pounds per person.

Retail prices of all dairy products in the second quarter of 1964 were up 1 percent from a year earlier. This rise was due to slight increases in prices received by farmers for milk and widening farm-retail price spreads. Retail dairy product prices in the latter half of this year likely will rise seasonally and may average slightly above both second quarter and year-earlier levels.

Food Fats and Oils

Supply of fats and oils (including oil equivalent of oilseeds) during the second half of 1964 will be at a new high, due mainly to expected large supplies of soybeans. Output of edible vegetable oils, butter, and lard may be slightly less than in 1963. But the prospective increase in soybean carryover this fall and new high in soybean production probably will more than offset these declines.

Domestic use of food fats during the remainder of 1964 are expected to follow normal seasonal and long-term growth patterns; some pick-up this fall is expected to follow the summer low. Annual civilian consumption likely will average around the recent annual rate of 46 pounds (fat content) per person. Per capita consumption of butter and lard (direct use) are expected to decline further but margarine and shortening use likely will increase. Cooking and salad oils use may continue near the same high rate of last year. Exports of food fats (including oil content of soybeans) are running at record levels and are expected to continue to do so throughout 1964.

Retail prices of most food fats are slightly above their averages of last year but have declined some since January 1964. Prices of butter, margarine, shortening, and salad dressings in June 1964 were down from their January levels. Only peanut butter prices have exhibited a stronger tone. Although some fractional declines may still occur this summer, retail prices during the second half probably will not vary much from their June levels.

Fruit

Total supplies of fresh deciduous fruits available for fresh market from early August to early fall are expected to total much larger than a year earlier. Supplies of most processed deciduous fruits also are expected to be larger when fruit from the new packs becomes available in volume this summer. But, total supplies of fresh and processed citrus fruits are expected to continue below year-earlier volume until late fall. Retail prices for most fresh deciduous fruits during late summer and early fall may average below year-earlier levels. Continued high prices are expected for most fresh and processed citrus.

Fresh deciduous fruit supplies for late summer and fall are expected to total considerably larger than a year earlier. Supplies of apples, pears, nectarines, and Pacific Northwest prunes are expected to be up substantially. Supplies of late summer peaches, Concord grapes, and plums also are expected to be up. Although supplies of California grapes, such as the Thompson seedless, are expected to be below the 1964 record, they likely will be larger than usual. Among fresh deciduous fruits now being marketed, supplies of plums, nectarines, apricots, sweet cherries, and sour cherries were larger than in 1963, those of peaches smaller. As of early July, 1964 U.S. deciduous production was expected to total 5 percent above 1963 and 10 percent above average. As usual, large imports of bananas will augment supplies of U.S.-grown fruits. Retail prices for most fresh deciduous fruit during late summer and early fall probably will average somewhat below a year earlier.

Prospective supplies of late summer fresh oranges, mostly California Valencias, are somewhat smaller than a year ago. Although the 1963-64 lemon crop was considerably larger than the year before, remaining supplies are smaller. Florida limes are more plentiful; trees, located in southern Florida, escaped damage from the 1962 freeze. Continued high retail prices for most fresh citrus fruits seem probable during late summer and early fall. In early July, prospects for the new citrus crop that begins harvest in September continued generally favorable.

Canned fruit supplies are expected to be substantially larger during the second half of 1964 than a year earlier. Increased packs of practically all principal canned fruits are expected in 1964-65. Total supply may total as much as 10 to 15 percent above the 1963-64 volume due to larger fruit crops and smaller carryover stocks of canners. On June 1, total stocks of 12 items held by canners were 19 percent below a year earlier. As supplies from generally larger packs become available during summer and early fall, retail prices for some items are likely to decrease somewhat from the relatively high year-earlier levels.

The prospective larger 1964 crops of apples, prunes, and Concord grapes point to probable increased output of juices from these fruits. Current stocks of Florida frozen orange concentrate and canned single strength citrus juices are somewhat smaller than a year ago. Supplies of chilled citrus juices will be small until early fall. Meanwhile, retail prices, especially for frozen and canned citrus juices, are expected to continue at relatively high levels.

Total supplies of frozen deciduous fruits (excluding juices) are expected to be moderately larger during the second half of 1964 than in this period of 1963. Increases in U. S. output and imports are expected to more than offset decreases in carryover stocks. The pack of frozen red tart cherries is expected to be much larger than the relatively small 1963 pack. Cold storage stocks of frozen deciduous fruits on July 1 were 22 percent below a year earlier. Substantial imports from Mexico are supplementing U. S. supplies of frozen strawberries as in recent years. During January-May 1964, such imports were about 19 percent larger than a year earlier. They are used for jam and preserves.

Supplies of dried fruits during late summer and fall probably will total somewhat smaller than a year earlier. Larger supplies of dried prunes are not expected to offset a prospective decrease in raisin supplies. Together they comprise most of the annual supply of dried fruits. Supplies of other dried fruits during the second half of 1964 may be somewhat larger.

Total supplies of edible tree nuts may be somewhat smaller during late summer and fall than a year earlier. Increased supplies of almonds and filberts, but decreased supplies of walnuts are in prospect. Pecan supplies may be smaller than last year, when the crop was record large. As usual, substantial imports of such foreign-type nuts as cashews and Brazil nuts are expected. Although only a small part of total U. S. production, output of Hawaiian macadamia nuts is increasing.

Vegetables

Supplies of fresh vegetables and melons will be seasonally large during the rest of summer, with retail prices remaining near current levels. Processed vegetable stocks appear to be slightly smaller than the heavy supplies of a year ago. Holdings of all canned and frozen commodities are ample to heavy, however,

and prices likely will continue at their present levels. Potato supplies likely will be a little smaller and prices higher than those of last summer. Higher prices also are likely for sweetpotatoes because of smaller supplies.

Supplies and consumption of fresh vegetables will be seasonally large during the summer and early fall, with local production supplementing supplies from commercial vegetable growing areas. Total commercial production is slightly smaller than a year ago, mainly because of less carrots, sweet corn, and cabbage. Supplies of tomatoes, snap beans, cucumbers, and lettuce are about as large this summer as last, and larger supplies are likely for onions and celery. With supplies plentiful, retail prices probably will average below those of a year ago. Per capita consumption of fresh vegetables for 1963 as a whole is likely to be about equal to that of last year.

More watermelons will be available this summer, but cantaloup supplies may be a little below the high year-earlier levels. Per capita consumption of melons this year likely will total slightly less than last year; supplies of both cantaloups and watermelons were much smaller this spring than last.

Aggregate supplies of canned vegetables for the 1964-65 season are expected to total slightly smaller than last season. Prospects for moderately less canned sweet corn and beets, both in burdensome supply last season, account for most of the decline. Supplies of all other major canned items are expected about to equal those of a year earlier. Early reports indicate supplies of frozen vegetables will be moderately smaller, mostly because of materially fewer lima beans and slightly less sweet corn. Although smaller than a year earlier, processed vegetable supplies likely will be considerably above average. Retail prices during the summer and early fall probably will continue the same to slightly above a year earlier, and per capita consumption in 1964 likely will exceed that of 1963.

Marketings of potatoes will be increasing seasonally during August and September. Supplies are expected to be adequate, although down slightly from last year. Retail prices likely will average close to the moderate levels of a year earlier, and well below the high prices that prevailed this spring and early summer. Per capita consumption of potatoes is expected to average as large this year as last.

The 1964 sweetpotato crop, now moving into market in light volume, is estimated 7 percent smaller than a year earlier. Prices are high, but probably will decline during the next few months as marketings increase seasonally. However, because of smaller supplies, prices this season are expected to average above a year earlier.

Supplies of dry edible beans in the 1964-65 season are expected to be large, although slightly smaller than the past season. Little price change from a year earlier is anticipated. Dry bean consumption for 1964 as a whole likely will average about as large as last year.

Cereal Products

Food Grains

Supplies of wheat, rye, and rice each continue far in excess of domestic food requirements. Per capita consumption of products made from these cereal grains is expected to total nearly the same in 1964 as in 1963. Per capita consumption of flour last year totaled 116 pounds, a pound higher than in 1962 but below any other year. Rice per capita consumption this year may continue near the level of 6.7 pounds of 1963, which was down from 1962.

Retail prices of cereal and bakery products likely will rise slightly; but, in April-June, the retail price of a 1-pound loaf of bread was 21.4 cents, slightly below the same period of a year earlier.

Corn, Oats, and Barley

Domestic sales of corn sugar and sirup increased substantially in the first half of 1964, continuing an uptrend underway since 1957. Domestic sales of corn sugar were about 10 percent larger in January-June this year than last, while sales of corn sirup were up nearly 20 percent. Per capita consumption of corn sirup has increased about 50 percent since 1957 and that of corn sugar about 40 percent. Consumption of corn sirup in 1964 is expected to exceed 13 pounds per capita and corn sugar 4.8 pounds. These figures approach or exceed record levels reached during World War II when these products were used as sugar substitutes.

While the food use of corn for these products has been increasing, consumption of cornmeal and hominy grits has trended downward. These products have become less important uses of corn for food than have sugar and sirup. Increased consumption of wet-processed products has reversed the long-term downtrend in use of corn for food. Per capita use hit a low point in 1957, ending a lengthy downturn, but has since increased about 18 percent. Per capita consumption of oat food products, principally oatmeal, has averaged about $3\frac{1}{2}$ pounds per year in recent years; use of barley malt and other malt food products has averaged about 1 pound.

Retail prices of these food products have trended generally upward for several years. In the first half of 1964, retail prices of corn flakes and cornmeal averaged about 1 percent higher than a year earlier, and oatmeal prices increased about 3 percent. Corn sirup prices were 6 percent higher.

SUGAR

Increased world production of sugar during 1963-64 has eased considerably the acute world shortage that developed through the first half

of 1963. While world shortages have been eased substantially, those that existed in the United States have been nearly eliminated. In June, USDA estimated 1963-64 world production at 59.5 million tons--0.8 million tons above the November 1963 estimate and 4.6 million tons above 1962-63 output.

The 1963-64 crop is second largest on record and only half a million tons below the peak output in 1960-61. Current indications point to a further substantial increase in world sugar production in 1964-65. Acreage planted to sugar beets in Europe and the USSR this year is reported up significantly and various cane sugar-producing countries have announced programs for increasing outputs.

World stocks are expected to decline slightly this year, but an increase next year seems likely as world production continues to increase. Despite reduced world stocks, U. S. stocks of sugar were unusually high at the beginning of 1964. Sugar supplied under quotas established for 1963 totaled about 10.5 million tons; 1963 distribution amounted to 9.8 million tons.

U. S. sugar prices have returned to near-normal levels. The price of raw sugar, duty paid, in New York averaged 6.45 cents per pound in June, the same as the annual average for 1962, and 42 percent below the peak of 11.8 cents reached in May 1963. Retail sugar prices have declined somewhat more slowly but in June 1964 they averaged 13.2 cents per pound, compared with the peak of 16.8 cents in June 1963.

In recent months "world" sugar prices have declined more rapidly than those in the United States and in June 1964 averaged only 5.33 cents per pound, less than half the November 1963 price. For the first time since February 1963, "world" sugar prices in June were below the equivalent level (adjusted for transportation costs and tariff) of raw sugar prices in the United States. "World" prices, however, remain well above the unusually low 2.98 cents per pound average for 1962.

Larger-than-usual deliveries of both corn and noncaloric sweeteners are supplementing currently large U. S. supplies of sugar. Deliveries of corn sirup and dextrose in 1963 totaled 1.5 million tons, 8.6 percent more than in 1962. Prices of corn sirup and dextrose rose much less than those for sugar in 1963, thus encouraging many industrial food processors to substitute corn sweeteners for sugar whenever feasible. Announced plans for new plants and for increases in the capacity of existing plants indicate that users may expect increasing supplies of corn sweeteners in the future.

The use of noncaloric sweeteners, chiefly saccharin and cyclamate, also has been increasing, especially in the soft drink industry. Trade reports indicate that 100 million cases of soft drinks were manufactured with noncaloric sweeteners in 1963, 5 times the 1959 output. The quantities of noncaloric sweeteners used by the soft drink industry likely will continue to increase at least through 1964.

Coffee

The retail price of coffee continued to rise in June for the ninth consecutive month. Prices averaged 83.9 cents per pound for canned coffee, about 22 percent above the 14-year low of 68.7 cents reached in April 1963. The price in June was still approximately 2 cents below the 1950-63 average of 85.8 cents per pound.

The retail rise resulted from a comparable increase in the price of green coffee beans. The wholesale price of Santos No. 4 (Brazilian coffee) at New York rose from a monthly average of 33.5 cents per pound in August 1963 to 50.5 cents in March of this year. The price receded to an average of about 47 cents in June and weakened slightly during July. The June wholesale price also was 3 cents below the 1950-63 average of 50 cents per pound and was considerably less than the record high price of 88.3 cents set in July 1954. (Fig. 4.) The comparison of retail and wholesale prices with their long-time averages suggests that prices at retail have stabilized. The retail price rise was much more gradual and prolonged than the wholesale rise, lagging by perhaps 2 or 3 months.

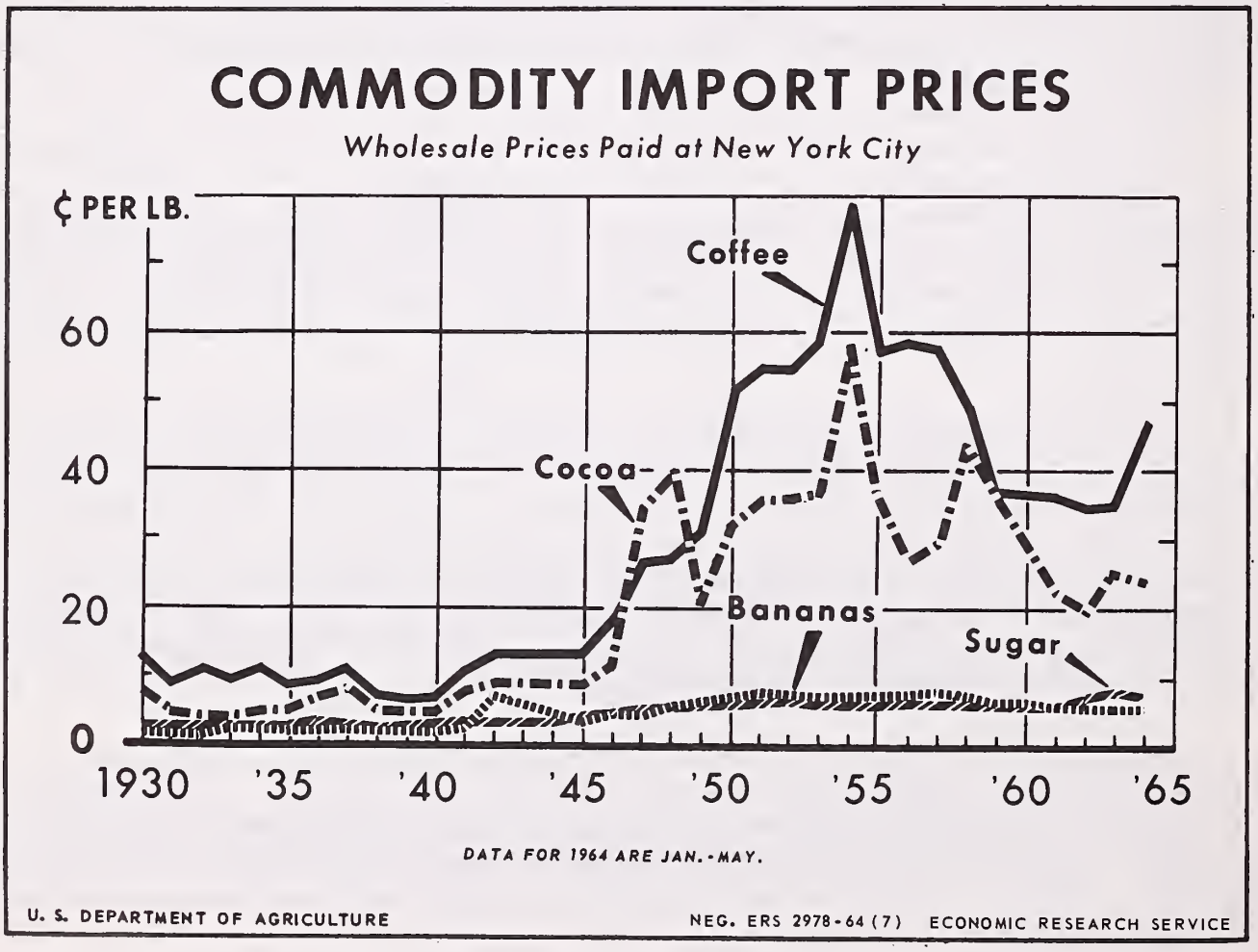

Figure 4

Anticipation of a shortage of new-crop coffee is the major cause for the increase in coffee bean prices. The proppective shortage is the result of expected reduced production in Brazil, which normally supplies about 45 percent of the world's total output. The U. S. Department of Agriculture currently estimates the 1964-65 Brazilian crop (new season began July 1) at 11 million bags, 58 percent below the 1963-64 crop. Nearly 9 million bags are expected to be of good uniform quality.

World coffee stocks were estimated as of June 30, at 73 million bags. A major share is held in Brazil. In view of these large stocks, the impact of the expected production decline may seem extreme. However, the quality of these stocks, accumulated since 1958, has deteriorated over time to the point that around 25 million bags may be classified as export quality coffee. According to current estimates, only a small part of these are of the greenish, new-crop coffee strongly demanded by the major roasters.

Brazil's annual coffee exports for 1959-63 averaged about 17 million bags. During this period the United States has imported Brazilian coffee at an annual average rate of 9 million bags. These requirements, in light of the expected reduction of Brazil's 1964-65 crop and the limited amount of new-crop coffee held over in Brazil, have caused the major consuming countries to increase inventories. The U. S. Department of Commerce reported U. S. stocks of green beans at 4.4 million bags (132 lbs. per bag) as of March 31, 1964, an increase of about 24 percent above a year earlier. However, U. S. inventories on June 30 were equivalent to only about 2 months consumption, despite the increase in stocks that has taken place.

The National Food Situation is published in January, May, August and November.

The next issue is scheduled for release November 1964.

Table 9.--Production of major food commodities, calendar years, 1947-49 and 1957-59 averages, 1961-63 and preliminary estimates for 1964, with percentage comparisons 1/

Commodity	Unit	Average 1947-49	Average 1957-59	1961	1962	1963 Preliminary	Preliminary estimates for 1964 2/	1964 as a percentage of 1947-49	1964 as a percentage of 1957-59	1964 as a percentage of 1963
Meats (carcass weight)										
Beef	Mil.lb.	9,649	13,704	15,323	15,320	16,448	18,025	187	132	110
Veal	Mil.lb.	1,454	1,240	1,045	1,016	928	931	64	75	100
Lamb and mutton	Mil.lb.	716	711	832	809	770	735	103	103	95
Pork (excluding lard)	Mil.lb.	10,281	10,957	11,420	11,844	12,447	12,208	119	111	98
Total meats	Mil.lb.	22,100	26,612	28,620	28,989	30,593	31,899	144	120	104
Poultry and eggs 3/										
Eggs	Mil.doz.	5,086	5,475	5,328	5,367	5,320	5,375	106	98	101
Chicken (ready-to-cook)	Mil.lb.	2,753	4,880	5,833	5,840	6,078	6,300	229	129	104
Turkey (ready-to-cook)	Mil.lb.	492	1,065	1,506	1,304	1,341	1,450	295	136	108
Dairy products										
Total milk	Bil.lb.	4/116.3	123.3	125.4	126.0	124.8	125.8	108	102	101
Cheese 5/	Mil.lb.	1,160	1,396	1,635	1,592	1,631	1,690	146	121	104
Condensed and evaporated milk	Mil.lb.	3,497	2,789	2,631	2,409	2,374	2,340	67	84	99
Ice cream (product weight)	Mil.lb.	2,758	3,212	3,357	3,381	3,440	3,500	127	109	102
Fats and oils										
Butter, farm and factory (actual weight)	Mil.lb.	1,611	1,477	1,536	1,579	1,453	1,447	90	98	100
Lard 6/	Mil.lb.	2,419	2,584	2,517	2,480	2,476	2,450	101	95	99
Margarine (actual weight)	Mil.lb.	839	1,549	1,724	1,726	1,744	1,840	219	119	106
Shortening	Mil.lb.	1,434	2,022	2,456	2,689	2,533	2,640	184	131	104
Other edible fats and oils 7/	Mil.lb.	3,912	7,297	8,585	9,577	9,924	10,075	258	138	102
Total fats and oils (fat content) 8/	Mil.lb.	7,627	11,070	12,338	13,327	13,567	13,690	179	124	101
Fruits										
Fresh:										
Citrus	Mil.lb.	8,783	6,695	6,360	6,180	4,800	5,800	66	87	121
Apples (commercial)	Mil.lb.	3,775	3,972	3,827	3,784	3,766	4,400	117	111	117
Other (excluding melons)	Mil.lb.	4,493	4,082	4,042	4,080	3,680	4,200	93	103	114
Processed:										
Canned fruit	Mil.lb.	2,597	3,591	4,697	4,922	4,399	4,950	191	138	113
Canned fruit juices	Mil.lb.	2,230	2,177	2,723	2,849	2,958	2,700	121	124	91
Frozen (including juice)	Mil.lb.	416	1,557	1,741	2,037	1,233	1,500	361	96	122
Dried	Mil.lb.	961	697	758	722	780	750	78	108	96
Vegetables										
Fresh vegetables and melons 9/	Mil.lb.	22,565	24,375	25,617	25,501	25,935	25,900	115	106	100
Fresh vegetables	Mil.lb.	18,504	19,921	21,171	21,023	21,209	21,500	116	108	101
Melons	Mil.lb.	4,061	4,454	4,446	4,478	4,726	4,400	108	99	93
Canned	Mil.lb.	6,086	7,879	8,880	9,584	8,896	8,800	145	112	99
Frozen	Mil.lb.	448	1,469	2,110	2,255	2,314	2,350	525	160	102
Potatoes	Mil.cwt.	248	252	294	267	272	265	107	105	97
Sweetpotatoes	Mil.cwt.	25.3	18.2	15.2	19.4	16.1	15.0	59	82	93
Dry edible beans 10/	Mil.lb.	1,854	1,797	2,029	1,860	2,071	1,922	104	107	93
Dry field peas 10/	Mil.lb.	401	376	354	496	475	432	108	115	91
Sugar, raw basis	1,000 short tons	2,066	2,732	4,268	4,399	4,870	5,650	273	207	116
Grains										
Wheat	Mil.bu.	1,251	1,178	1,235	1,094	1,138	1,275	102	108	112
Rye	Mil.bu.	23.1	28.3	27.5	40.8	29.4	33.0	143	117	112
Rice, milled	Mil.lb.	2,333	2,867	3,637	3,661	4,487	4,725	203	165	105
Corn, grain only	Mil.bu.	2,788	3,409	3,626	3,637	4,082	3,888	139	114	95
Oats	Mil.bu.	1,294	1,248	1,011	1,020	981	905	70	73	92
Barley	Mil.bu.	279	447	396	436	400	363	130	81	91
Peanuts, farmers' stock basis	Mil.lb.	2,128	1,613	1,740	1,810	2,022	11/	---	---	---

1/ Calendar year basis except for fresh citrus fruit for which the season begins in the fall of the previous year; dried fruits on a pack year beginning year indicated; rice on a marketing year ending year indicated. 2/ Estimates or preliminary indication based on trends in livestock numbers, current or prospective rates of output, average or probable acreages and yields, and such other data or advance estimates as are available. These estimates are used only to indicate the general level of food supplies for domestic consumption for 1964, but they are based on such official estimates of production as are available at this time. Revisions will of course be made from time to time throughout the year as official indications or estimates are issued through the Crop Reporting Board of the Department. 3/ Includes an allowance for nonfarm production. 4/ Includes an allowance for nonfarm production of 1.1 billion pounds in 1947-49. 5/ Excludes full skim, cottage, pot, and bakers' cheese. 6/ Includes amount used in manufactured food and nonfood products. 7/ Includes cottonseed, peanut, soybean, corn, edible olive, and oleo oils, oleo stock, oleostearine, and edible tallow later processed into margarine, shortening, cooking and salad oils, etc., and nonfood items. 8/ Includes butter, lard, and "other edible fats and oils." 9/ This series covers total commercial production for sale as fresh both for shipment to distant markets and for local markets; includes quantities not harvested. Excludes farm garden output for farm household use. 10/ Cleaned basis. 11/ Not available.

Table 10 .--Retail food price indexes and Consumer Price Index, 1935-39 and 1947-49 averages, 1950-61 and 1962-64 by months

(Index, 1957-59=100)

Year and month	Food at home											Food away from home	All food	Consumer Price Index
	Meat 1/	Poultry 2/	Fish	Eggs	Dairy products 3/	Fats and oils 4/	Fruits and vegetables	Cereal and bakery products	Sugar and sweets	Beverages	Total			
1935-39	37.8	68.7	28.9	60.3	45.9	65.4	39.6	45.6	48.3	27.5	42.6	5/	41.9	48.7
1947-49	86.7	132.5	86.4	122.7	88.3	117.9	80.9	75.5	85.4	56.1	86.1	5/	84.7	81.5
1950	91.4	126.1	89.0	104.7	84.7	94.2	79.0	78.8	86.9	85.9	87.1	5/	85.8	83.8
1951	103.6	132.1	101.6	127.4	94.5	110.3	86.3	86.0	90.1	94.7	96.9	5/	95.4	90.5
1952	102.6	132.6	99.0	116.3	98.5	93.5	94.8	88.1	90.9	95.3	98.6	5/	97.1	92.5
1953	95.8	129.3	95.3	123.2	96.8	93.9	91.8	89.8	91.9	97.9	96.8	89.3	95.6	93.2
1954	95.3	116.7	95.8	103.1	93.7	98.9	90.5	91.9	93.8	116.3	96.3	90.9	95.4	93.6
1955	87.7	121.5	93.9	106.5	93.6	95.9	91.8	93.4	95.8	104.2	94.4	91.8	94.0	93.3
1956	84.8	106.5	93.8	105.9	96.0	98.0	96.3	94.7	93.6	108.9	94.8	93.6	94.7	94.7
1957	94.2	103.8	95.0	100.9	98.8	102.4	96.0	98.4	96.3	108.1	97.9	97.1	97.8	98.0
1958	104.9	102.6	101.6	106.1	100.3	101.2	102.8	100.4	100.7	100.5	102.2	100.0	101.9	100.7
1959	101.0	93.5	103.4	92.9	101.0	96.5	101.2	101.2	102.9	91.3	99.7	102.8	100.3	101.5
1960	99.2	95.0	103.5	100.1	103.2	92.1	103.8	103.2	103.4	90.7	100.6	105.5	101.4	103.1
1961	100.5	85.8	105.8	100.1	104.8	98.6	104.2	105.4	101.4	90.7	101.5	107.8	102.6	104.2
1962	102.5	90.7	110.2	94.6	104.1	98.5	105.0	107.6	101.4	89.3	102.2	110.7	103.6	105.4
Jan.	100.4	90.0	108.7	99.7	105.6	99.5	100.6	106.6	101.0	89.5	101.2	109.2	102.5	104.5
Feb.	100.6	95.0	109.6	100.0	105.1	99.5	102.9	107.1	101.3	89.4	101.9	109.5	103.1	104.8
Mar.	100.5	94.9	109.6	94.0	105.0	99.7	104.4	107.3	101.2	89.1	101.9	109.7	103.2	105.0
Apr.	100.7	89.6	110.2	89.2	103.7	99.7	108.6	107.3	101.1	89.2	102.1	109.9	103.4	105.2
May	100.2	88.2	110.5	85.5	103.0	99.8	109.4	107.5	101.1	89.2	101.9	110.1	103.2	105.2
June	100.2	89.0	110.7	81.3	102.7	99.0	111.9	107.4	101.3	89.1	102.1	110.6	103.5	105.3
July	101.8	87.9	110.6	84.6	103.5	98.4	109.9	107.9	101.5	89.2	102.4	110.9	103.8	105.5
Aug.	103.6	89.9	110.9	89.8	103.9	98.0	105.2	107.8	101.5	89.4	102.3	111.4	103.8	105.5
Sept.	107.8	93.1	110.8	103.1	104.2	97.0	102.2	107.9	101.7	89.8	103.5	111.5	104.8	106.1
Oct.	105.4	91.0	110.7	104.6	104.3	97.1	102.0	108.0	101.7	89.6	102.9	111.8	104.3	106.0
Nov.	104.5	92.5	110.2	101.1	104.2	97.1	102.1	108.4	101.9	88.9	102.6	111.9	104.1	106.0
Dec.	104.1	86.8	110.4	101.8	103.9	96.8	100.2	108.2	101.8	88.7	101.9	112.2	103.5	105.8
1963	100.9	89.3	110.0	96.0	103.8	95.7	111.0	109.1	110.1	90.4	103.5	113.2	105.1	106.7
Jan.	103.6	90.0	111.0	103.1	103.8	96.8	106.4	108.7	102.0	88.9	103.2	112.3	104.7	106.0
Feb.	102.8	91.0	110.0	100.1	103.6	96.8	109.4	109.2	102.6	89.1	103.5	112.5	105.0	106.1
Mar.	101.2	91.1	110.4	98.6	103.5	96.2	109.6	109.1	102.9	88.9	103.0	112.6	104.6	106.2
Apr.	98.3	89.8	110.5	96.1	102.9	96.0	112.0	109.2	103.1	88.7	102.6	112.8	104.3	106.2
May	98.1	88.5	111.1	85.2	102.8	95.5	113.9	109.3	106.0	89.2	102.5	112.9	104.2	106.2
June	98.6	89.4	110.3	83.6	102.8	95.3	115.6	109.2	121.2	89.9	103.4	113.0	105.0	106.6
July	100.9	88.9	109.7	88.2	103.3	95.4	118.7	109.2	117.9	91.3	104.8	113.1	106.2	107.1
Aug.	102.6	88.1	109.1	91.7	104.2	95.7	114.2	109.1	114.0	92.0	104.5	113.3	106.0	107.1
Sept.	102.6	89.0	109.2	102.8	104.3	95.4	108.1	109.1	110.0	91.8	103.8	113.6	105.4	107.1
Oct.	101.4	88.5	108.8	103.6	104.6	95.2	106.3	109.1	109.9	91.6	103.2	114.0	104.9	107.2
Nov.	100.4	88.5	109.5	99.2	104.8	95.1	108.2	109.1	114.3	91.8	103.4	114.0	105.1	107.4
Dec.	99.7	89.0	109.7	99.6	105.0	95.4	109.8	109.0	117.0	92.1	103.7	114.3	105.4	107.6
1964 6/														
Jan.	99.0	87.4	108.8	106.0	105.0	7/	112.4	109.1	117.9	93.4	104.2	114.3	105.8	107.7
Feb.	99.0	87.1	108.5	101.4	104.8	7/	113.9	109.0	118.3	95.7	104.4	114.4	106.0	107.6
Mar.	97.9	86.5	107.1	93.3	104.5	7/	115.1	108.8	117.6	98.6	104.0	114.7	105.7	107.7
Apr.	97.7	85.7	107.1	90.8	104.1	7/	115.7	108.8	117.0	101.0	103.9	114.9	105.7	107.8
May	97.3	85.7	106.9	85.3	103.9	7/	115.7	108.9	116.6	102.4	103.7	115.0	105.5	107.8
June	97.2	87.5	106.5	83.3	104.0	7/	120.2	109.2	115.5	103.4	104.4	115.1	106.2	108.0

1/ Beef, veal, lamb and mutton, pork, and processed meat.
2/ Chicken is only item included.
3/ Includes butter.
4/ Excludes butter.
5/ Data not collected prior to 1953.
6/ Revised beginning January 1964. Item selection and quantity weights reflect the buying pattern of wage earners and clerical workers in 1960-61 and for the first time include single person families. Series are linked at December 1963. Documents describing the new index are available on request from the Bureau of Labor Statistics, Washington, D. C. 20210.
7/ Not available.

Bureau of Labor Statistics.

Table 11--Supply and distribution of meat, by months, January 1964 to date

Meat and period	Commercially produced								Total 2/		
	Supply			Distribution							
	Production	Beginning stocks	Imports	Exports and shipments	Ending stocks	Military	Civilian consumption		Production	Civilian consumption	
							Total	Per person 1/		Total	Per person
	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Lb.	Mil. lb.	Mil. lb.	Lb.
Beef:											
January	1,511	281	131	6	283	33	1,601	8.6	---	---	---
February	1,299	283	78	4	268	36	1,352	7.2	---	---	---
March	1,412	268	105	5	271	43	1,466	7.8	---	---	---
1st quarter	4,222	281	314	15	271	112	4,419	23.6			3/24.1
April	1,514	271	99	7	263	44	1,570	8.4	---	---	---
May	1,509	263	76		272	43			---	---	---
June									---	---	---
2nd quarter											
Veal:											
January	75	13	2	4/	14	3	75	0.4	---	---	---
February	64	14	1	4/	14	3	62	.3	---	---	---
March	68	14	1	4/	13	2	68	.4	---	---	---
1st quarter	207	13	4	4/	13	8	203	1.1			3/1.2
April	67	13	1	4/	13	3	65	.3	---	---	---
May	64	13	2		13	3			---	---	---
June									---	---	---
2nd quarter											
Lamb and mutton:											
January	71	19	17	4/	18	4/	89	0.5	---	---	---
February	55	18	5	4/	18	4/	60	.3	---	---	---
March	59	18	12	4/	18	4/	71	.4	---	---	---
1st quarter	185	19	34	4/	18	4/	220	1.2			3/1.2
April	60	18	6	4/	16	4/	68	.4	---	---	---
May	55	16	6		16	4/			---	---	---
June									---	---	---
2nd quarter											
Pork:											
January	1,161	277	18	30	333	19	1,074	5.7	---	---	---
February	972	333	18	26	382	17	898	4.8	---	---	---
March	1,051	382	22	18	411	18	1,008	5.4	---	---	---
1st quarter	3,184	277	58	74	411	54	2,980	15.9			3/16.7
April	1,072	411	18	19	474	17	991	5.3	---	---	---
May	920	474	19		469	19			---	---	---
June									---	---	---
2nd quarter											
All meat:											
January	2,818	590	168	36	648	55	2,837	15.1	---	---	---
February	2,390	648	102	30	682	56	2,372	12.7	---	---	---
March	2,590	682	140	23	713	63	2,613	13.9	---	---	---
1st quarter	7,798	590	410	89	713	174	7,822	41.7			3/43.2
April	2,713	713	124	26	766	64	2,694	14.3	---	---	---
May	2,548	766	103		770	65			---	---	---
June									---	---	---
2nd quarter											

1/ Derived from estimates by months of population eating out of civilian food supplies.

2/ Includes production and consumption from farm slaughter.

3/ Estimated.

4/ Less than 500,000 pounds

SELECTED RECENT ARTICLES, REPORTS AND SPEECHES 1/

Consumption and Demand

Consumer Expenditures and Income, Urban United States, 1960-61. U. S. Dept. of Labor, Bur. of Labor Statistics. BLS Report No. 237-38, April 1964. 24 pp. [This report summarizes data released in a series of advance reports for 66 metropolitan areas and other urban places which were selected to represent the entire urban United States in the Survey of Consumer Expenditures 1960-61. The survey of families and single consumers was conducted in 2 years, and the city sample was divided so that national averages could be developed for both 1960 and 1961. Tabulations for 1960, 1961 and 1960-61 combined are presented in this report.] 2/

"Domestic Food Distribution Programs," by Robert H. Miller. Dairy Situation, DS-501, June 1964. Pp. 29-35.

Family Food Budgeting - For Good Meals and Good Nutrition. ARS Home and Garden Bulletin No. 94, Jan. 1964. 15 pp.3/

Marketing Western Fruits and Vegetables, Long Term Outlook, by Dale G. Stallings. ERS-77, March 1963. 14 pp.

Packaged Fluid Milk Sales in Federal Milk Sales in Federal Milk Order Markets by Size and Type of Containers, and Distribution Methods, AMS-538, July 1964. 20 pp. 4/

"Trends in the School Market for Food," by Martin Kriesberg. Marketing and Transporting Situation, August 1964.

Marketing

"The Changing Picture in Federal Market Orders," by Robert E. Freeman. Speech before Midwest Milk Marketing Conference, Minneapolis, Minn., April 23, 1964. 7 pp.

For-Hire Trucking of Exempt Farm Products, Operating Practices and Nature of Competition, by Bruce H. Wright. Marketing Research Report,No. 649, March 1964. 38 pp.

Freeze-Drying of Foods: Cost Projections, by Kermit Bird. Marketing Research Report No. 639, Jan. 1964. 34 pp.

"Interpretations of Price Spreads for Eggs and Poultry," speech by Leo R. Gray at Ohio Egg and Broiler Day Program, Ohio State Univ., Columbus, Ohio, Jan. 29, 1964. 12 pp.

Long Distance Shipment of Market Milk, by William Butz. Marketing Research Report No. 648, March 1964. 12 pp.

The Organization of Wholesale Fruit and Vegetable Markets in Minneapolis-St. Paul and Duluth-Superior, by John K. Hanes. Marketing Research Report No. 647, March 1964. 42 pp.

Continued -

SELECTED RECENT ARTICLES, REPORTS AND SPEECHES 1/ -Continued

Other

"Recent Research in the Marketing of Sweetpotato Flakes," by H. W. Kerr and O. C. Hester. Marketing and Transportation Situation, August 1964.

The Structure of Wholesale Produce Markets. Marketing Economics Division, ERS. ERS Report No. 45, April 1964. 128 pp.

Agricultural Policies of Foreign Governments Including Trade Policies Affecting Agriculture. ERS, Agriculture Handbook No. 132. Revised Ed., March 1964. 266 pp.

"Designing a Freeze-Drying Plant - Some Economic Considerations," speech by Kermit Bird to a group of citrus and poultry producers assembled by Snively Groves, Inc., Winter Haven, Fla., March 17, 1964. 8 pp.

"Export Payment Assistance to U. S. Agricultural Exports, Year Ended June 30, 1963," by Eleanor N. DeBlois. ERS-Foreign-79, March 1964. [Reprinted from Foreign Agricultural Trade of the United States, February-March 1964. Pp. 18-27.]

"Farmland Values Reexplored" by George Iden. Agricultural Economics Research Quarterly, Vol. XVI., No. 2, April 1964. Pp. 41-50.

"International Trade and Economic Growth," by Arthur B. Mackie. ERS-Foreign-78, March 1964. [Reprinted from Foreign Agricultural Trade of the United States, Feb.-March, 1964. Pp. 5-17.]

1/ Unless otherwise indicated, items listed are ERS publications and may be obtained from the Division of Information, Office of Management Services, U. S. Department of Agriculture, Washington, D. C. 20250.

2/ May be obtained from Office of Publications, Bureau of Labor Statistics, U. S. Dept. of Labor, Washington, D. C. 20210.

3/ For sale by Supt. of Documents, U. S. Government Printing Office, Wash., D. C. 20402. Price 10 cents.

4/ Copies available free from the Information Office, Agricultural Marketing Service, USDA, Washington, D. C. 20250.

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NFS-109 The National Food Situation

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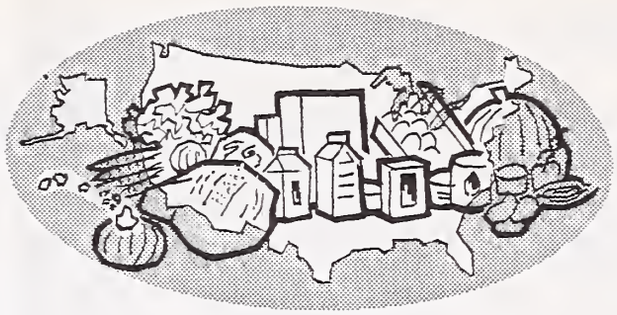
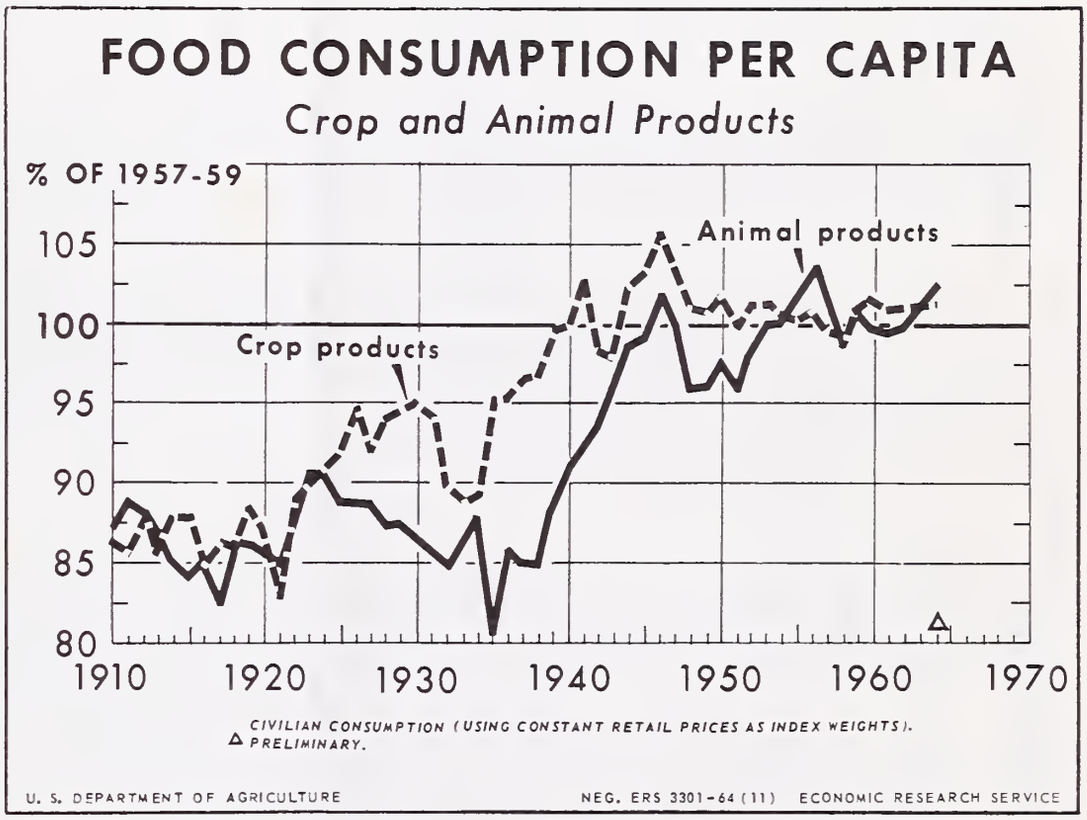
NATIONAL FOOD SITUATION



NFS-110 For Release November 20, P. M. NOVEMBER 1964

Over the past 50 years per capita consumption of food from crop products has increased at about the same average rate as from animal products. Between the 2 World Wars, rising consumption of fruits and vegetables pushed the total food use of crop products up at a more rapid rate. Since the late 1940's, increased consumption of beef and poultry has increased use of total animal products. But food use of crop products has stabilized.



IN THIS ISSUE

Per Capita Food Consumption

Index Revision

Nutritional Review

Published quarterly by
ECONOMIC RESEARCH SERVICE • U. S. DEPARTMENT OF AGRICULTURE

Table 1.--Volume of farm marketings and home consumption 1/

(Index numbers, 1957-59=100)

Item	1947-49 average	1957	1958	1959	1960	1961	1962	1963	1964 Preliminary 2/	1964 as a percentage of 1947-49	1964 as a percentage of 1963
Marketings and home consumption of all farm commodities	86	95	101	104	107	108	109	113	115	134	102
Food marketings and home consumption	87	97	100	103	104	107	107	110	114	131	104
Food marketings	82	97	100	103	105	109	109	112	116	141	104
Total food livestock 3/	79	99	98	103	104	108	110	114	118	149	104
Meat animals	81	100	97	103	105	108	110	116	122	151	105
Poultry and eggs	66	95	100	105	105	113	113	116	120	182	103
Dairy products	84	100	100	100	102	106	107	107	108	129	101
Total food crops 4/	98	91	104	105	108	110	106	108	111	113	103
Food grains 5/	102	80	114	106	117	114	102	108	114	112	106
Vegetables 6/	91	98	99	103	104	109	110	109	107	118	98
Fruit and nuts 7/	92	100	94	106	99	103	106	100	101	110	101
Sugar crops	78	98	97	105	105	115	117	152	170	218	112
Home consumption	161	106	100	94	87	81	74	69	67	42	97
Livestock	159	108	99	93	82	75	71	63	61	38	97
Crops	168	99	104	97	98	94	80	82	79	47	96
Nonfood marketings 8/	82	87	104	109	114	110	116	124	119	145	96

1/ Quantities of farm products weighted by average 1957-59 farm prices since 1955, 1947-49 prices in earlier years. Excludes Alaska and Hawaii. 2/ Indications for 1964 are based on calendar-year quantities estimated as of November 1, 1964. 3/ Includes honey. 4/ In addition to the crops listed below, includes peanuts, peppermint, popcorn and spearmint. 5/ Wheat, rye, rice and buckwheat. 6/ Truck crops for fresh use and processing, potatoes, sweetpotatoes, dry edible beans, dry field peas, mung beans and melons 1955 to date. 7/ Except peanuts and, beginning 1955, melons. 8/ There are no nonfood items in the home consumption index.

Table 2.--Food consumption per capita 1/

(Index, 1957-59=100)

Selected years	Meat	Poultry	Fish	Eggs	Dairy, excluding butter	Fats and oils, including butter	Fruits 2/			Vegetables 3/			Potatoes and sweetpotatoes	Cereal products	Sugar and sweeteners	Coffee, tea and cocoa	All food		
							Fresh	Processed	Total	Fresh	Processed	Total					Livestock products	Crops 4/	Total
1910	96	49	107	82	70	101	142	14	78	114	24	85	208	149	54	65	87.2	86.3	86.7
1920	90	45	113	81	80	91	148	31	90	119	30	90	163	129	63	79	85.4	87.0	86.0
1930	85	52	97	89	83	113	139	35	87	126	47	100	138	131	85	81	86.3	94.9	89.7
1940	93	52	102	86	87	115	147	57	103	130	57	107	127	120	86	101	91.0	99.9	94.6
1941	94	56	108	84	90	116	155	53	104	129	61	107	134	121	94	104	92.3	102.7	96.5
1942	93	63	84	84	96	112	131	52	92	134	67	112	136	122	83	86	93.5	98.4	95.5
1943	98	78	75	92	96	97	117	45	82	139	61	114	137	135	77	81	96.2	97.9	96.8
1944	103	70	84	94	98	96	140	45	93	147	61	119	145	124	84	96	98.4	102.1	99.9
1945	97	76	94	107	104	91	138	57	98	150	74	126	129	130	69	100	99.4	103.1	100.8
1946	102	70	101	101	110	91	138	78	108	139	83	121	128	128	74	122	101.6	105.8	103.3
1947	102	64	96	104	104	97	143	67	105	127	76	111	126	115	94	108	100.0	102.8	101.2
1948	95	63	101	106	100	95	133	69	102	125	72	108	105	114	89	112	96.0	101.0	97.9
1949	95	67	102	105	99	98	129	73	101	118	75	104	109	113	91	115	96.1	100.7	97.9
1950	95	73	111	108	99	104	113	79	96	114	81	104	105	112	101	103	97.6	101.6	99.2
1951	90	77	106	109	99	94	118	78	98	111	84	103	105	115	94	105	95.8	99.9	97.3
1952	95	800	105	109	100	97	114	88	101	108	88	103	95	113	98	105	98.1	101.2	99.3
1953	102	79	103	106	99	98	112	90	101	106	91	102	100	110	97	107	100.0	101.3	100.5
1954	101	84	104	105	100	102	106	91	100	104	90	100	100	108	99	95	100.2	100.5	100.3
1955	106	79	97	104	101	103	101	98	100	104	96	102	101	102	100	96	101.7	100.2	101.0
1956	108	88	98	103	102	101	102	100	101	103	98	102	97	101	101	101	103.6	100.6	102.2
1957	102	94	97	102	101	99	100	103	101	102	98	101	98	99	98	100	100.6	99.5	100.1
1958	97	101	98	99	100	100	98	97	98	99	101	100	97	101	101	98	98.5	99.4	98.9
1959	101	105	105	99	100	101	102	100	101	98	101	99	105	100	101	102	100.9	101.1	101.0
1960 5/	102	102	102	94	99	99	98	104	101	100	102	100	109	99	102	101	99.9	101.6	100.7
1961 5/	101	112	102	91	97	99	94	102	98	99	102	100	110	98	102	102	99.6	101.0	100.3
1962 5/	102	110	102	91	97	99	91	106	98	96	107	99	114	97	103	104	99.9	101.1	100.5
1963 5/	105	112	101	89	96	102	84	98	90	95	107	99	119	97	103	106	101.2	101.1	101.2
1964 5/ 6/	108	114	102	88	98	102	92	94	93	93	106	97	118	98	104	105	102.5	101.2	101.9

1/ Civilian consumption, beginning 1941. Individual food items are combined in terms of 1947-49 retail prices through 1954, 1957-59 retail prices thereafter; indexes are linked at 1955. 2/ Excluding melons and baby food. 3/ Excluding soups, baby food, dry beans and peas, potatoes, and sweetpotatoes. 4/ Including melons, dry beans and peas, nuts, soups, and baby food in addition to groups shown separately. 5/ Incorporates data for Alaska and Hawaii. 6/ Preliminary.

NATIONAL FOOD SITUATION

Approved by the Outlook and Situation Board, November 10, 1964

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SUMMARY

An unusually strong advance in disposable income is giving impetus to food expenditures this year. Total food expenditures in 1964 are increasing about 5 percent above last year's $76 billion. Income and food expenditures likely will continue to expand in 1965 but at slower rates.

Per capita food consumption in 1964 is running about 1 percent above a year earlier. This, together with the 1½ percent gain in population, accounts for part of the increase. The remainder comes from increased marketing services and 1 percent higher retail food prices. Sales by eating and drinking places, up 7 percent so far this year, suggest that more food is being marketed through restaurants and other away-from-home eating places. Prices of such food are up 2 percent so far this year.

Per capita food consumption in 1965 is expected to equal 1964's high level. Retail food prices may increase only slightly. As a result, most of next year's gain in total food expenditures likely will be due to population expansion and possibly further increases for marketing services.

This year's increase in per capita food consumption is due largely to sizable increases in consumption of beef, turkey, and fresh fruits -- particularly apples and citrus. Offsetting to some extent are small declines for pork,

lamb, and vegetables, including potatoes. In the coming year, anticipated increases for beef and citrus fruits likely will about balance declines for pork, lamb, and dairy products.

The 1-percent increase in average retail food prices so far this year is the result of increased prices for foods from crops -- primarily fruits and vegetables, sugar and sweets, and coffee. Animal product prices are lower; meat prices at retail averaged 2 percent lower and chicken prices 3 percent lower during January-September 1964 than in the same period a year earlier.

The value of exports of agricultural products were 18 percent higher and imports 6 percent higher in January-July 1964 than in the same months of 1963. Exports exceeded imports by more than $1 billion in these months. Exports of wheat and animal products were each up about a fourth. The increase in value of imports was due mostly to a rise in coffee prices; meat imports were off 14 percent.

DEMAND AND SUPPLY OF FOOD

Expanding Demand

Rising consumer incomes and continued population growth are expected to further expand the domestic demand for food in 1965. Although continued economic expansion and rising incomes appear likely, the rise in consumers' after-tax income probably will not equal the large gain this year. Per capita food consumption is expected to about equal this year's high level. A smaller retail price advance than in recent years appears likely; price pressures developing in some parts of the economy do not appear to be affecting food.

Consumer expenditures for food so far this year have averaged nearly 5 percent above 1963; the third quarter was particularly strong. A 3-percent increase took place between 1962 and 1963. Expanded demand this year was due largely to the sharp advance in consumer disposable income: Wages and profits were larger and Federal income tax rates lower. For the year, disposable income is expected to total nearly 7½ percent larger than in 1963. It means nearly a 6-percent increase per capita -- about double the gain in recent years. Despite the large gains in expenditures, prices this year have not increased as rapidly as in 1963.

Output of manufacturing industries is 6 percent larger than a year earlier so far this year and employment is rising. Expenditures for new plant and equipment are up sharply. Although productive capacity is being expanded, increased demands have been large enough to result in increased use of existing plant facilities. Residential construction is sluggish this year. Although selective price increases have accompanied the rapid income expansion, the wholesale price index remains about steady and the consumer price index so far this year is up 1.3 percent. The total value of all goods and services -- the gross national product -- is rising more than 6½ percent this year.

Food manufacturing industries increased output 3 percent, comparing January-August 1964 with year-earlier months. Shipments by the food group increased 8 percent and inventories were about steady. Despite the output increase, employment in these industries remained about the same. Hours worked per employee were down slightly, but gross earnings were larger by 3 percent.

Supply and Use of Farm Products

Large supplies of farm products will be available in 1965 to meet expanded demand. Though poor growing conditions resulted in some reduction in 1964 crop output, carryover stocks are large -- particularly for grains and cotton. Production of livestock products is expected to increase slightly next year. A further small increase is expected in beef production, but pork production is expected to decline. Total marketings of farm products used for food likely will rise slightly next year. Foreign markets again will take about a sixth of U. S. farm products. Smaller shipments of wheat and dairy products are in prospect, but increases are indicated for oils, soybeans, and some animal products.

Domestic food use of all farm products, about three-fourths of total use, is increasing about 2 percent between 1963 and 1964 (table 3 and fig. 1). Nonfood use is rising about 1 percent but exports may total 6 or 8 percent larger. Accordingly, total use of all farm commodities is rising about

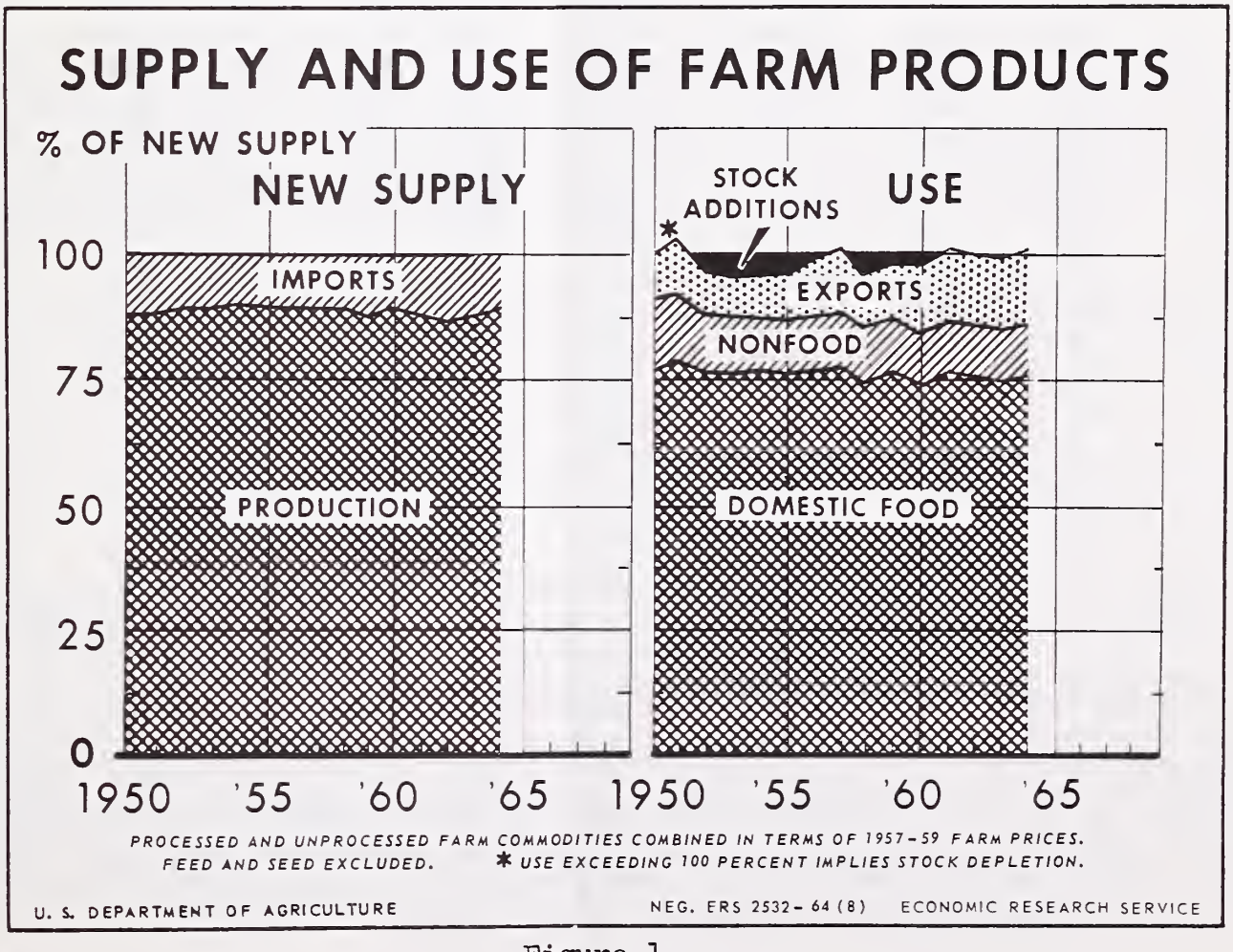

Figure 1

Table 3.--Supply-utilization of farm commodities: Indexes by component, 1924-64 1/

(Index: 1957-59=100)

Year	Net production	Net imports 2/	Stocks January 1 3/	Total annual net utilization	Domestic use: Food: Civilian	Domestic use: Food: Military 4/	Domestic use: Net nonfood 5/	Domestic use: Total	Exports and shipments 6/
1924	61.4	62.8	47.4	61.6	62.8	---	60.8	61.5	65.7
1925	60.8	69.3	48.8	62.6	63.4	---	68.0	63.0	63.4
1926	63.4	72.9	48.1	63.9	64.7	---	70.0	64.3	64.7
1927	61.7	71.1	50.7	64.6	64.2	---	73.6	64.4	69.7
1928	62.9	70.6	48.8	63.9	64.7	---	70.0	64.3	64.6
1929	62.0	79.3	50.1	64.7	65.9	---	74.0	65.9	59.9
1930	62.0	70.1	50.1	62.6	66.0	---	63.3	64.7	50.9
1931	66.1	64.4	52.1	62.8	66.6	---	62.7	65.1	49.0
1932	62.8	55.7	58.6	61.6	65.6	---	55.5	63.3	52.2
1933	58.7	62.8	60.6	62.6	66.1	---	66.9	65.1	47.0
1934	56.5	58.9	56.0	62.4	67.5	---	65.9	66.2	37.2
1935	61.5	74.2	47.4	60.7	65.1	---	69.9	64.6	34.7
1936	56.2	78.1	52.7	63.8	67.7	---	81.7	68.4	32.8
1937	70.7	83.5	44.8	65.3	68.9	---	83.2	69.6	37.4
1938	66.8	69.1	58.0	64.4	68.4	---	71.3	67.7	43.5
1939	66.3	74.9	64.6	67.3	71.5	---	82.7	71.7	38.0
1940	69.8	75.4	65.2	68.6	74.0	---	86.5	74.4	29.3
1941	72.1	92.0	69.8	72.7	75.0	80.9	108.2	79.2	28.5
1942	80.6	63.8	73.8	76.8	74.2	287.0	114.4	82.6	37.4
1943	77.8	71.0	79.1	82.2	74.8	471.7	114.8	86.1	58.0
1944	86.7	78.7	69.2	86.7	77.2	696.2	113.1	91.5	55.2
1945	83.6	80.1	69.8	86.8	78.2	647.4	110.2	91.3	58.4
1946	85.1	83.7	66.6	87.6	85.6	167.0	111.4	90.1	74.2
1947	83.4	81.0	64.6	86.7	85.4	177.5	105.3	89.3	67.4
1948	89.7	88.2	60.6	84.1	83.3	207.0	108.7	88.4	51.8
1949	86.0	85.1	73.1	85.0	84.4	207.6	95.9	87.8	64.1
1950	84.4	93.0	77.8	87.3	86.4	108.1	113.2	90.1	66.0
1951	84.9	89.8	77.1	89.8	85.9	214.4	109.5	90.9	81.3
1952	90.3	89.2	72.5	89.0	88.9	160.2	102.0	91.6	69.3
1953	92.6	92.8	77.8	90.0	91.3	149.2	104.2	93.8	61.3
1954	94.0	82.7	85.0	90.7	92.7	125.2	96.1	93.6	69.0
1955	97.6	89.5	91.2	94.7	96.3	111.0	102.7	97.3	75.2
1956	99.9	93.1	97.2	100.1	99.3	112.4	105.3	100.3	98.5
1957	97.9	92.7	98.6	100.1	98.9	101.6	97.9	98.8	110.0
1958	101.1	95.7	97.1	97.9	98.8	99.9	96.7	98.5	92.8
1959	101.0	111.6	104.3	102.0	102.3	98.5	105.4	102.7	97.2
1960	105.9	106.3	107.6	105.7	103.5	94.2	102.8	103.3	123.9
1961	104.6	112.6	111.3	107.5	105.6	104.0	103.0	105.3	124.6
1962	107.0	115.3	110.9	108.9	107.2	108.3	106.9	107.2	121.9
1963	111.9	117.5	112.6	113.2	110.8	108.3	106.1	110.2	136.1
1964 7/	113.8	107.0	114.9	116.5	113.3	112.4	107.2	113.0	146.5

1/ Quantities weighted by average farm prices in 1957-59; prior to 1955, quantities are weighted using 1947-49 average farm prices but "linked" to the 1957-59 base period at 1955; imports priced at port-of-entry. Use of farm products allocated on the basis of value of processed products. See Measuring the Supply and Utilization of Farm Commodities, Agriculture Handbook No. 91, 1955, for basic methodology. On 50-State basis beginning 1962. Net concept excludes domestic use of feed and seed to avoid double counting. 2/ Includes inshipments from Alaska and Hawaii prior to 1962 and inshipments from U. S. Territories for all years. 3/ Includes farm and commercial stocks and holdings under Government programs. Stock coverage throughout the period is comparable to level on Jan. 1, 1961. The index is computed from stock levels derived by applying annual changes to 1961 level to avoid problem of inconsistent stock coverage over time. 4/ Includes civilian feeding in areas occupied by U. S. Armed Forces. 5/ Excludes feed and seed; includes some waste and loss at the farm. 6/ Includes shipments to Alaska and Hawaii prior to 1962 and shipments to U. S. Territories for all years. 7/ Preliminary.

3 percent. Since total new supply (production plus imports) is not rising, stocks of all commodities combined are being reduced in 1964 (fig. 1). It is the fourth decline since 1950. Some further gain in domestic food use is anticipated next year, about in line with population growth. With nonfood use expected to hold relatively stable and export demand expected to decline slightly, total use of farm commodities next year may not differ much from the 1964 level.

Total meat production this year is about 5 percent greater than in 1963 (table 12). An increase of about 10 percent for beef and veal is more than offsetting declines for pork and lamb and mutton. Chicken (mostly broilers) production is running about 3 percent greater for the year and turkey production is up about 7 percent. Production of dairy products and eggs are gaining only a little. Animal fat production is down slightly, but vegetable oils are up. Fruit production is larger in 1964 than in 1963; increased output followed short 1963 crops for citrus and various other deciduous fruits. But production of vegetables is running below a year earlier, both for fresh and processed items. Potato production is down sharply this year--about 10 percent. U. S. sugar production again this year is up sizably. Production of food grains in 1964 is considerably larger than a year earlier, though this often bears little direct relation to domestic food use.

FOOD CONSUMPTION PER CAPITA

Per capita food consumption in 1965 is expected to about match this year's high level. Consumption of food from animal products is expected to decline for pork, animal fats, and lamb and to increase further for beef, veal, and turkey. The only important change in consumption of crop products in 1965 is an expected substantial increase for fruits, as a result primarily of citrus consumption climbing from depressed levels of 1963 and 1964.

Per capita food consumption this year is rising about 1 percent above the 1963 level. Most of the increase is in consumption of foods from animal products; consumption of foods from crops is averaging about steady with last year's level (cover chart and table 2). The 1964 pattern is consistent with that which has occurred generally in the postwar period. It reverses the consumption pattern of the 1920's and 1930's when consumption of food from crop products rose steadily but consumption of animal food products rose relatively little. (See fig. 3 and "Per capita food consumption index revision," pp. 22-27.)

Increasing Consumption of Foods from Animal Products

Per capita consumption of meat this year is expected to total about 173 pounds (carcass weight), up about 4 pounds from 1963, on a 50-State basis (table 4). Greater use of beef is overcoming small declines for pork and lamb. Beef consumption this year is rising 6 percent to about 100 pounds per capita. The increase is less than the 10 percent production increase because of a large decline in beef imports and the 1½ percent growth in population.

Table 4.--Civilian per capita consumption of major food commodities, primary distribution weight, and civilian population, selected periods 1947-64 1/

Commodity	Average 1947-49	Average 1957-59	1961	1962	1963	1964 Preliminary	1964 as a percentage of 1947-49	1964 as a percentage of 1957-59	1964 as a percentage of 1963
	Pounds	Pounds	Pounds	Pounds	Pounds	Pounds	Percent	Percent	Percent
Meats (carcass weight) - Total	148.5	156.6	160.5	163.1	169.3	173.1	117	111	102
Beef	65.6	82.1	87.8	88.8	94.2	100.1	153	122	106
Veal	9.7	7.1	5.6	5.5	4.9	5.0	52	70	102
Lamb and mutton	4.8	4.4	5.1	5.2	4.9	4.2	88	95	86
Pork (excluding lard)	68.4	63.0	62.0	63.6	65.3	63.8	93	101	98
Fish (edible weight) - Total	10.4	10.5	10.8	10.7	10.6	10.7	103	102	101
Fresh and frozen	5.7	5.7	6.0	5.8	5.8	2/	---	---	---
Canned 3/	4.1	4.2	4.3	4.4	4.3	2/	---	---	---
Cured	.6	.6	.5	.5	.5	2/	---	---	---
Poultry products									
Eggs (farm basis) - Number	385	356	326	323	315	314	82	88	100
Chicken (ready-to-cook)	18.7	27.5	30.2	30.0	30.9	31.0	166	113	100
Turkey (ready-to-cook)	3.3	6.0	7.4	7.0	6.7	7.2	218	120	107
Dairy products									
Total milk fat solids	29.5	25.6	23.9	23.7	23.3	23.3	79	91	100
Total nonfat milk solids	42.9	43.8	42.5	42.0	41.4	41.7	97	95	101
Cheese	7.0	7.9	8.5	9.1	9.3	9.4	134	119	101
Condensed and evaporated milk	20.1	14.8	13.2	12.5	11.7	11.4	57	77	97
Fluid milk and cream	359	335	310	308	308	306	85	91	99
Ice cream (product weight)	18.7	18.4	18.0	17.9	18.0	17.9	96	97	99
Fats and oils - Total, fat content 4/	42.4	45.3	45.1	45.6	46.8	46.8	110	103	100
Butter (actual weight)	5.6	8.2	7.4	7.1	6.8	6.8	64	83	100
Margarine (actual weight)	5.6	8.9	9.4	9.3	9.3	9.7	173	109	104
Lard	12.4	9.3	7.7	7.2	6.4	6.2	50	67	97
Shortening	9.6	11.4	12.8	13.4	13.3	13.6	142	119	102
Other edible fats and oils	7.3	10.8	11.2	11.7	14.1	13.7	188	127	97
Fruits									
Fresh (farm weight) - Total	132.1	98.8	91.7	88.7	80.2	88.6	67	90	110
Citrus	54.8	33.5	30.2	28.9	22.1	26.0	47	78	118
Apples (commercial)	25.5	21.6	18.5	19.4	18.4	21.0	82	97	114
Other (excluding melons)	51.8	43.7	43.0	40.4	39.7	41.6	80	95	105
Processed:									
Canned fruit	18.9	22.5	23.4	22.9	23.3	22.0	116	98	94
Canned juice	15.9	13.8	13.0	13.3	14.5	12.9	81	93	89
Frozen (including juices)	3.2	8.6	8.8	9.7	8.0	7.6	238	88	95
Dried	3.9	3.3	3.1	3.0	3.1	3.3	85	100	106
Vegetables									
Fresh 5/	120.5	104.3	104.9	102.8	102.2	98.3	82	94	96
Canned, excluding potatoes and sweetpotatoes	39.5	43.0	43.0	44.4	45.1	44.3	112	103	98
Frozen, excluding potatoes	2.8	6.6	7.1	7.7	7.4	7.6	271	115	103
Potatoes and sweetpotatoes									
Potatoes, fresh equivalent 6/	105.9	101.5	104.9	104.2	108.1	106.5	101	105	99
Frozen potatoes, product weight	---	1.6	2.8	3.9	4.5	4.6	---	288	102
Sweetpotatoes, fresh equivalent 6/	11.3	7.5	6.1	7.0	6.6	6.3	56	84	95
Dry edible beans	6.7	7.7	8.0	7.8	7.5	7.4	110	96	99
Melons	27.4	25.1	24.7	23.2	24.7	23.1	84	92	94
Sugar (refined)	95.2	96.1	97.7	97.2	96.6	96.0	101	100	99
Grains									
Corn products: Cornmeal and other 7/	19.0	14.3	13.8	13.6	13.5	13.4	71	94	99
Corn sirup and sugar	14.1	13.0	14.3	15.4	16.9	18.4	130	142	109
Oat food products	3.3	3.5	3.5	3.5	3.5	3.5	106	100	100
Barley food products 8/	1.6	1.0	1.0	1.0	1.0	1.0	62	100	100
Wheat: Flour 9/	137	120	118	115	116	116	85	97	100
Breakfast cereals	3.2	2.8	2.7	2.6	2.6	2.6	81	93	100
Rye flour	1.4	1.2	1.1	1.1	1.1	1.1	79	92	100
Rice, milled	4.9	5.4	6.2	7.4	6.6	6.8	139	126	103
Other									
Coffee (green beans)	18.2	15.7	15.8	15.9	15.7	15.5	85	99	99
Tea	.58	.60	.60	.66	.67	.68	117	113	101
Cocoa beans	4.0	3.5	3.9	3.8	3.9	3.9	98	111	100
Peanuts (shelled)	4.4	4.6	4.9	4.9	5.0	5.0	114	109	100
	Million	Million	Million	Million	Million	Million			
Civilian population	145.1	171.5	181.2	183.8	186.6	189.3	130.5	110.4	101.5

1/ Quantity in pounds except for eggs which are stated in number. Data on calendar year basis except for dried fruits, which are on pack year basis; fresh citrus fruits, and peanuts on a crop year basis and rice on August 1 year. All years begin in the year indicated except for fresh citrus, which begins in October of the previous year, and rice, which begins in August of previous year. 2/ Not available. 3/ Excludes canned food products containing small quantities of fish, such as clam chowder. 4/ Computed from unrounded data. 5/ Covers total commercial production for sale as fresh, both for shipment to distant markets and for local markets. Excludes farm garden output for farm household use. 6/ Includes quantities canned and frozen. 7/ Includes cornstarch, breakfast cereals, and hominy. 8/ Barley used for food products in terms of malt equivalent. 9/ Includes white, whole wheat, and semolina flour. 10/ Census estimates of July 1 civilian population (50 States beginning 1961). Used to derive per capita figures except for sugar, dried fruit, peanuts, and rice.

Per capita consumption of total poultry meat is continuing to climb as a result of increased consumption of turkey. A 7-percent rise in turkey consumption per capita largely will be concentrated in the final months of the year when demand is seasonally greatest.

Per capita consumption of total dairy products in 1964 is remaining about the same as last year. Nonfat dry milk and low-fat fluid milk consumption is rising sharply and cottage cheese consumption is increasing slightly. But small declines are occurring in per capita consumption of evaporated whole milk and fluid cream. Per capita consumption of total fats from animal sources is declining again this year because of a sizable decline in use of lard. Per capita consumption of animal fats has declined about 13 percent since 1957-59, while consumption of edible vegetable oils has increased about 17 percent. Consumption of total fats and oils is holding about even this year though food use of vegetable oils is up again. Margarine and shortening use are both rising.

Consumption of fruits is rising about 3 percent this year from sharply depressed levels of 1963. Contrary to the usual pattern, the increase is concentrated in fresh produce rather than in processed items. Consumption of apples used fresh is increasing about 14 percent and fresh citrus is gaining 18 percent. Other fresh fruits also are rising--up about 5 percent from 1963 levels. Reduced packs from last year's crop and higher prices have resulted in decreased consumption of canned fruits and juices in 1964. Even consumption of frozen fruits and juices is running at reduced levels, the lowest in several years. In the coming year, further gains in consumption of fresh citrus are expected to return per capita use about to the level that existed 2 years ago, before the Florida freeze damage. Increased packs of canned fruits and frozen fruits and juices are substantially larger this year. For example, packs of canned peaches and fruit cocktail are at record levels. As a result, fresh and processed fruit consumption is expected to rise next year from the low levels of 1963 and 1964.

Per capita consumption of vegetables is declining about 2 percent this year. The decline is occurring for both canned and fresh vegetables, though consumption of frozen vegetables (excluding potatoes) is rising. In total, consumption per capita in 1964 is about 3 percent lower than in 1957-59. Per capita use this year is declining for tomatoes and tomato products, cabbage, lettuce, carrots, and corn, among others. Consumption of melons, both watermelons and cantaloups, also is down this year.

Potato consumption this year is falling about 2 pounds below a year earlier. All of the decline is occurring for potatoes used fresh. Those consumed as processed products, about a fourth of the total, are continuing to grow in importance. Sweetpotato consumption per capita also is declining, with all the decline in those used fresh.

Per capita consumption of total sugars and other sweeteners this year is remaining at about the level of last year. However, increases in corn

sirup and sugar more than offset slight per capita declines in beet and cane sugars.

Coffee consumption per capita is declining slightly this year, with the decline occurring for regular rather than instant coffee. On a roasted basis, regular coffee is averaging about 11 pounds per capita and instant coffee about 1 pound. Consumption of tea and chocolate products is remaining about the same as in 1963--less than 1 pound for tea (leaves) and about 3 pounds for chocolate products (liquor equivalent).

RETAIL FOOD PRICES

Retail food prices in 1964 are up about 1 percent from the 1963 average; in 1965, prices are expected to increase slightly from this year's level (fig. 2 and table 13, p.44). The upward pressure on prices of foods from crops, primarily fruits and vegetables, that has persisted for the past 2 years is not likely to continue next year if growing conditions are about average. Production of citrus fruit and potatoes are expected to increase in 1965, so prices likely will decline from this year's high levels. Further demand expansion and moderate production gains for animal products are expected to maintain retail prices for these products near current average levels. But, price increases for pork and lamb may result if prospective declines in production materialize. Prices of such items as cereal and bakery products likely will continue their postwar uptrend. An increase in prices of foods purchased and consumed away from home is expected to tilt upward the average price of all food in the coming year.

Animal Product Prices Down in 1964

Retail prices of animal food products are averaging about 1 percent lower this year than in 1963. This decline compares with a decline of around $3\frac{1}{2}$ percent in prices received by farmers. Retail prices of beef and veal are averaging about 4 percent lower; per capita consumption is up about 6 percent. Most of the price decline came in the first and second quarters of this year when slaughter rose sharply. Pork prices are averaging about steady for the year, but prices in final months of the year are relatively strong since supplies are small for this time of year. Retail lamb prices have been running above year-earlier levels.

Retail prices for broilers are averaging below a year earlier, though they are not down as much as for turkey. Much larger turkey supplies are providing holiday bargains this fall. Though egg and fish consumption per capita are about equal to 1963 levels, retail prices of these food items are averaging 2 or 3 percent lower for the year. Currently, egg prices are rising seasonally, but are well below year-earlier levels. Retail fish prices are down this year primarily because of lower prices for frozen shrimp; canned salmon prices are down substantially. Dairy product prices so far this year have averaged about 1 percent above last year, and currently are seasonally above midyear levels. Prices of fats and oils are averaging slightly lower for the year but the price of lard is higher.

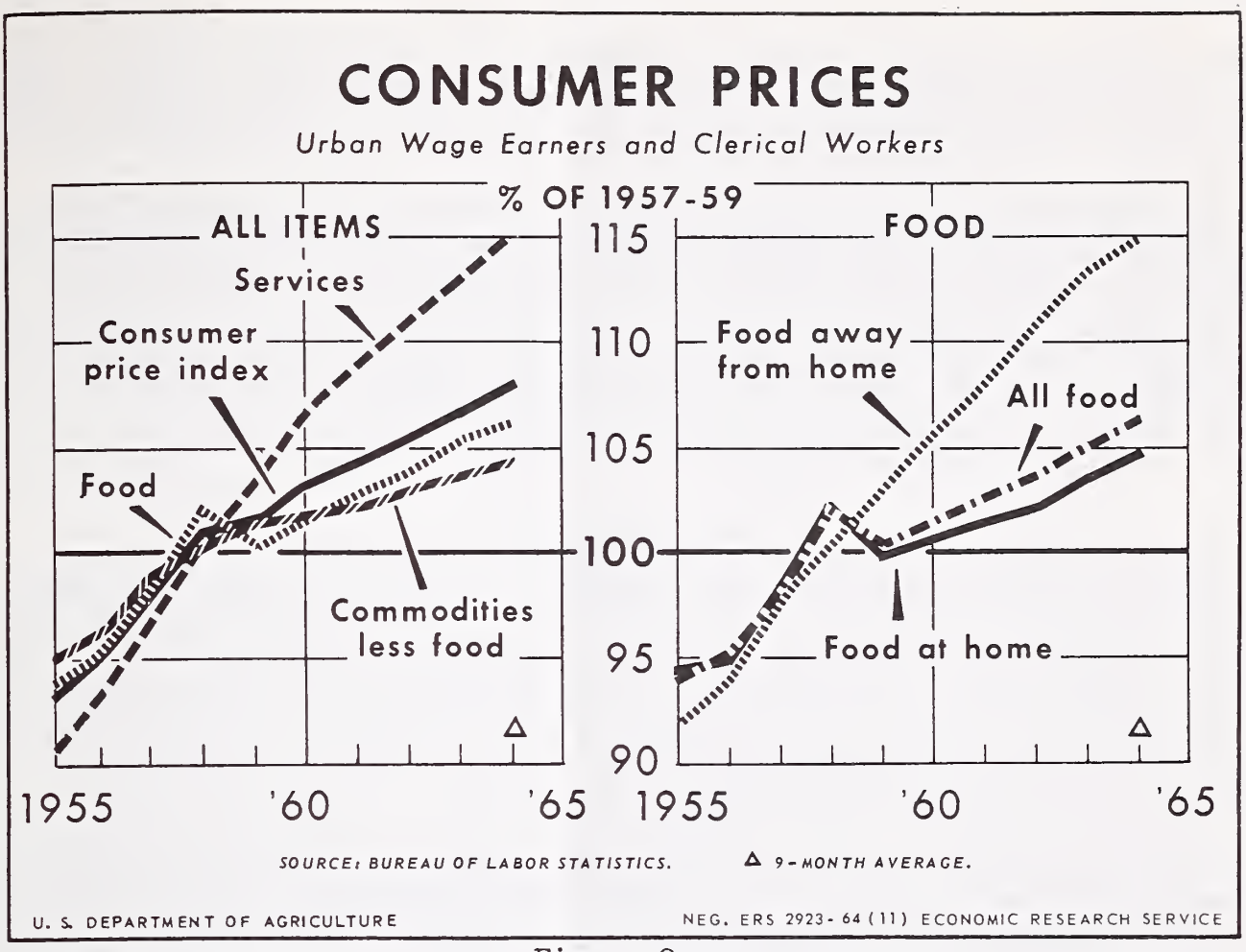

Figure 2

Crop Product Prices Higher in 1964

Prices of fruits and vegetables, including potatoes, averaged 3 percent higher in third quarter 1964 than a year earlier. Potato prices were up about a third. The price of potatoes, which normally reacts strongly to changes in supplies, is averaging much higher this year because production is the lowest in several years. Other vegetable prices also are higher because of decreased supplies. Both fresh and canned supplies are down; normally, increased consumption of processed items about makes up for decreases in fresh use. Prices of potatoes and processed vegetables are expected to be above year-earlier levels through the winter. But, fresh vegetable prices are not likely to reach the high levels of last winter.

Fruit prices this winter and early 1965 are expected to average well below year-earlier levels. Substantially larger supplies of citrus are anticipated, since trees have recovered considerably from freeze damage of 2 years ago. However, early citrus prices this fall were relatively high because hurricane damage delayed movement of the crop from Florida. Deciduous fruit supplies, both canned and fresh, are moderately larger than a year earlier, so prices are expected to decline seasonally into fall and winter months and remain relatively low at least until mid-1965.

Retail prices of flour, bread, and corn flakes each increased about 1 percent between the second and third quarters of 1964 but prices for the

entire cereal and bakery products group have not increased as much as they usually do. This group has moved persistently upward in most postwar years. Among major commodity groups, only fruits and vegetables have surpassed the cereal group in price increases since 1957-59.

Sugar prices much above year-earlier levels at the beginning of the year have since declined persistently. Retail prices currently are above levels in first quarter 1963, before the sharp price advance, though not by much. Retail coffee prices rose sharply during the first half of the year in response to rising prices of green coffee beans. After green bean prices receded, the retail price of regular coffee stabilized though instant coffee prices have declined slightly. For the year, coffee prices are averaging about a fifth above 1963; no important price changes are now foreseen.

FOOD EXPENDITURES

Food expenditures in 1964 are expected to total about $80 billion, up around 5 percent above 1963. This total does not include expenditures for alcoholic beverages, that totaled $11 billion in 1963. For 1965, further expansion in food expenditures is anticipated. The increase is expected to result primarily from growth in population and food price increases; the rise is not likely to be so strong as that experienced this year when the cut in Federal income tax rates sharply increased disposable incomes.

Total food expenditures typically rise about two-thirds as fast as does disposable personal income. As a result, food expenditures have trended downward as a proportion of disposable income. In 1963, only 19 percent of income was spent for food compared with 22 percent 10 years earlier. (See National Food Situation, May 1964, table 5, for 1929-63 data.) The percentage is dropping again this year, by about half of 1 percentage point, and a further small decline is in prospect for 1965.

Expenditures for U. S. Farm Foods

Total civilian expenditures for food originating on U. S. farms omits imported foods such as bananas and coffee, fish and other seafoods, food consumed on farms where produced, and food furnished the Armed Forces. However, this USDA expenditure series implicitly includes certain food purchases not included in Department of Commerce's estimate of total food expenditures.

Civilian expenditures for U. S. farm food are expected to total $69 billion this year, up from $66.4 billion in 1963. The farm value, at $22 billion, compares with $21.4 billion last year. The marketing bill, which includes the cost (including profits) of all processing, transportation, storage, and merchandising of food from the time it leaves the farm gate, is the difference between the farm value and total farm food expenditures. The marketing bill typically rises at about the same rate as does disposable personal income. Since 1950, the bill has taken between 11 and 12 percent of income while civilian expenditures for U. S. farm foods has declined from 20 to about 16 percent. Accordingly, the farm value has declined from 9 percent to 5 percent. The marketing bill last year totaled $45.0 billion and is rising to about $47 billion for 1964.

Retail Sales

Sales by retail food stores, mostly grocery stores, were 4 percent larger in the first 8 months of 1964 than during the same months of 1963. These sales

are the total of all items, both food and nonfood, sold by these stores. Sales in first quarter 1964 were 3 percent larger than a year earlier, were up 4 percent in the second quarter, and up 5 percent in July and August. All are on a seasonally adjusted basis.

Sales by eating and drinking places averaged 7 percent larger during the first 8 months of 1964 than a year earlier (seasonally adjusted basis). July sales were up 10 percent and those for August were up 8 percent. These percentage gains are large relative to those of food stores. They result partly from a price increase of 2 percent for food-away-from-home during these months compared with a 1-percent gain for food-at-home. The comparison also suggests a continued shift from eating at home to eating in restaurants.

Consumer Expenditure Survey

The 1960-61 consumer expenditure survey conducted by Bureau of Labor Statistics reported 24.3 percent of total expenditures for current consumption was spent for food (excluding alcoholic beverages) in urban United States. However, U. S. national income account data from the Department of Commerce show only 19.7 percent of disposable personal income spent for food or 21.1 percent of personal consumption expenditures in 1960-61. Various sampling and definitional differences explain most of the apparent discrepancy between these data. When data from the survey are defined as closely as possible to the concepts in the national income accounts, food expenditures in the survey are estimated at 20.8 percent of disposable income. 1/ The urban part of the BLS survey sampled only households in 66 cities whereas the Commerce data are national aggregates of the entire population, including farm households and consumption by the nonhousekeeping part of the population.

As a percentage of disposable income, the urban part of the BLS survey reported the following percentages spent for food in 1960-61 by income class, for families and single consumers:

Income class	Percent of income spent for food 1/
Under $1,000	44.0
$1,000-$1,999	29.8
$2,000-$2,999	27.4
$3,000-$3,999	24.8
$4,000-$4,999	22.9
$5,000-$5,999	21.9
$6,000-$7,499	21.0
$7,500-$9,999	20.0
$10,000-$14,999	17.9
$15,000 and over	12.4
Average urban U. S.	20.8

1/ Disposable income was estimated by addition of expenditures for current consumption, personal insurance, gifts and contributions, net change in assets and liabilities (net saving), the value of items received without expense, and the value of home-produced food. The value of food received without expense and the value of home-produced food were added to food expenditures in approximating the Commerce concept of food expenditures.

As expected, a wide variation existed in proportion of income spent for food. Urban families with incomes less than roughly $6,000 appear to spend more than average proportions of income for food while those with incomes above about $7,500 appear to spend less. In contrast to large variations among income levels, proportions of food expenditures show little variation among regions and sizes of cities. And, the variation that exists may be due to income differences rather than location.

The 1960-61 BLS urban survey reported expenditure breakdowns by size or type of city, as follows:

City size or type	Percent of income spent for food
Within Standard Metropolitan Statistical Areas:	
Central City	21.3
Other cities 50,000 population and over	21.7
Urbanized areas with less than 50,000 population	19.7
Nonurbanized areas with 2,500-50,000 population	20.0
Average within SMSA's	20.7
Outside SMSA's, 2,500-50,000 population	21.1
Average urban U. S.	20.8

Data similar to those collected by Bureau of Labor Statistics within Standard Metropolitan Statistical Areas for 1960 and 1961 were collected by U. S. Department of Agriculture outside SMSA's for 1961. The USDA data covered rural nonfarm and farm families. The farm family data have not as yet been published, but data on food expenditures relative to income for rural nonfarm families for 1961 and for urban families for 1960-61 are as follows, by regions:

Region	Percent of income spent for food	
	Rural nonfarm, 1961 2/	Urban, 1960-61
South	23.3	20.0
West	21.5	20.3
North Central	22.2	20.0
Northeast	21.6	22.2
Average U. S.	22.3	20.8

For rural nonfarm families, the highest proportion of income spent for food was in the South, which had the lowest average income; the lowest proportion was in the West, which had the highest average income. However, for urban families this income-expenditure relation was not maintained: The Northeast region was second only to the West in income but spent the

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2/ These do not include values of items received without expense and home-produced food.

largest proportion for food; regional differences in food expenditures among the other 3 regions were small. When all of the data become available, comparisons can be made holding income groups constant among locations and urbanizations. Also, U. S. averages will be available that combine expenditures of urban, rural nonfarm, and farm consumers.

Commodity Components of Grocery Store Sales

A survey giving grocery stores' sales by commodities and groups is reported annually by Food Topics and Food Field Reporter; no comparable data are available from Government sources. Food sales by grocery stores accounted for only 55 percent of all food consumed, according to the survey, but the proportion varied considerably by commodity. As a result, the components of grocery store sales only approximate a division of total expenditures by commodity. Commodity groups defined in the survey do not match precisely the similar groups in USDA's consumption data because the consumption data are measured in primary units--before final processing of mixed foods, for example--whereas these data represent products as sold at retail.

The survey indicated that red meat accounted for about a fifth of total grocery store sales last year, down slightly from 1962 (table 5). It amounted to a fourth the sales of food made by grocery stores. Fruits and vegetables totaled 18 percent of total store sales and 23.5 percent of food sales in 1963 or nearly equal to meat sales. Fresh produce accounted for over half of total sales of fruits and vegetables, but the proportion declined between 1962 and 1963 at the expense of processed products. Sales of cereal and bakery products, dairy products, and miscellaneous foods each accounted for a tenth or more of food sales.

FOREIGN TRADE

During January-July 1964, the value of exports of agricultural products, most of which are food products, exceeded year-earlier exports by 18 percent (table 6). Imports of agricultural products for this period were up 6 percent from a year earlier, mostly due to the increase in coffee prices. Exports totaled $3.6 billion against imports of $2.3 billion. Nearly half of the imports were classified as essentially noncompetitive with U. S. products--consisting of such things as bananas, cocoa beans, coffee, tea, and rubber. 1/ Value of noncompetitive imports were up by 17 percent; partly competitive imports were down 3 percent.

The value of U. S. exports of wheat and flour, the largest exported item, increased 25 percent in this 7-month period, but that of feed grains were down 2 percent. Exports of total crop products were up 17 percent compared with a rise of 12 percent in imports of crop products. The value of coffee imports rose 33 percent, but all of the increase was due to higher prices; the quantity of imports of coffee declined slightly. Total animal product exports increased 28 percent due in part to much larger shipments of butter, lard, and

1/ Some coffee and bananas are produced in Hawaii.

Table 5 .--Grocery store sales, by commodity groups, 1962 and 1963

Commodity group	Proportion of total grocery store sales		Proportion of food sales, 1963
	1962	1963	
	Percent	Percent	Percent
Meat, poultry, and fish:	26.0	25.2	33.0
Meat	20.5	19.7	25.8
Poultry	3.7	3.8	5.0
Fish	1.8	1.7	2.2
Eggs	1.2	1.1	1.4
Dairy products	7.8	7.7	10.1
Fruits and vegetables: 1/	18.2	18.0	23.5
Fresh produce	10.5	10.1	13.2
Processed products	7.7	7.9	10.3
Cereal and bakery products	10.3	10.3	13.5
Nonalcoholic beverages	5.3	5.3	6.9
Other foods 2/	8.7	8.9	11.6
Total food	77.5	76.5	100.0
Alcoholic beverages	4.8	4.9	---
Other nonfoods 3/	17.7	18.6	---
Total	100.0	100.0	---

1/ Including potatoes, sweetpotatoes, and melons. 2/ Includes frozen prepared foods; baking needs; candy and chewing gums; desserts; food fats and dressings, jams, jellies, and preserves; sugars and other sweeteners; and other foods. 3/ Includes household supplies, pet foods, tobacco products, health and beauty aids, and other nonfoods.

Annual survey of grocery stores by Food Topics and Food Field Reporter.

Table 6.--Value of exports and imports for consumption, January-July 1963, 1964

Commodity	Exports			Imports			Net exports	
	1963	1964	Change	1963	1964	Change	1963	1964
	Million dollars	Million dollars	Percent	Million dollars	Million dollars	Percent	Million dollars	Million dollars
Animal products								
Meat	55	75	+36	302	258	-15	-247	-183
Live animals	16	23	+40	48	27	-44	-32	-4
Hides and skins	42	52	+23	38	47	+24	+4	+5
Animal fats and oils	99	149	+50	1	1	0	+98	+148
Dairy 1/	103	126	+23	31	32	+3	+72	+94
Poultry and eggs	37	41	+9	1	2	+100	+36	+39
Wool, total	8	2	-74	144	124	-14	-136	-122
Other	19	20	+11	23	26	+13	-4	-6
Total animal	379	488	+28	589	518	-12	-210	-30
Crop products								
Bananas	0	0	0	47	63	+34	-47	-63
Other fruits	146	140	-4	61	79	+30	+85	+61
Nuts	8	11	+48	33	34	+3	-25	-23
Vegetables	105	92	-12	61	69	+13	+44	+23
Sugar, cane	0	0	0	370	276	-25	-370	-276
Coffee	17	21	+21	515	686	+33	-498	-665
Cocoa beans and products	0	0	0	99	90	-9	-99	-90
Tea	0	0	0	34	36	+6	-34	-36
Rice	114	146	+28	2/	0	0	+113	+146
Wheat and flour	748	935	+25	8	5	-38	+740	+930
Soybeans	249	284	+14	0	0	0	+249	+284
Oils and other oilseeds	120	129	+8	74	80	+8	+46	+49
Feed grains	528	518	-2	16	24	+50	+512	+494
Tobacco, unmanufactured	158	177	+12	56	62	+11	+102	+115
Cotton	304	462	+52	4	3	-25	+300	+459
Rubber	0	0	0	125	116	-7	-125	-116
Other	160	184	+15	114	192	+68	+46	-8
Total crops	2,657	3,100	+17	1,617	1,815	+12	+1,040	+1,285
Total Agriculture	3,036	3,588	+18	2,206	2,333	+6	+830	+1,255
Partly competitive 3/	---	---	---	1,236	1,200	-3	---	---
Noncompetitive 4/	---	---	---	970	1,133	+17	---	---
Total Nonagriculture	9,938	11,268	+13	7,386	8,226	+11	+2,552	+3,042
Total United States	12,974	14,856	+15	9,592	10,559	+10	+3,382	+4,297

1/ Excludes foreign donations of butter and butteroil not reported by Census.
2/ Less than 0.5 million dollars.
3/ Often termed supplementary.
4/ Often termed complementary; includes such largely nondomestic items as bananas, coffee, tea, cocoa beans, and rubber.

Bureau of Census data reported in Foreign Agricultural Trade of the United States.

inedible tallow and greases. Imports of animal products declined 12 percent to a level almost equal to exports of animal products. Imports of meat were off by 14 percent in value.

In January-July 1964, exports of agricultural products made up about a fourth of total U. S. exports and agricultural imports accounted for almost as large a proportion of total imports.

BRIEF TOPICS

Food Stamp Program

The Secretary of Agriculture recently announced plans to extend the Food Stamp Program this fiscal year to the District of Columbia and certain areas in all States requesting it. This will bring the program to a total of at least 41 States and the District of Columbia. The $100 million authorized for the program for the next fiscal year will not permit expansion into all areas which the States requested, but further expansion is planned as funds become available. The program will be continued on a permanent basis in each of the 43 areas where pilot programs have been operating during the past 3 years.

Domestic Food Distribution

About 2.0 billion pounds of food were distributed domestically to schools, institutions, and needy persons in 1963 (table 7). Most of these commodities were acquired under USDA's price-support and surplus-removal programs and donated through the Direct Distribution Program of the Agricultural Marketing Service. The remainder, about $\frac{1}{4}$ billion pounds, was purchased with designated USDA funds and donated to schools participating in the National School Lunch Program as a supplement to the surplus foods. Not included are subsidized food purchases under the pilot food stamp program, local purchases of food for school lunch, and foods donated to military or veterans. Quantity data are not available for some of these programs. A table showing costs of foods distributed under all the various programs was published in the August 1964 issue of National Food Situation.

Despite the tripling of domestic food donations between 1955 and 1963, donations amounted to less than 1 percent of total civilian food consumption last year. More than 6 million needy persons in family units, another $1\frac{1}{2}$ million people in institutions, and schools in all 50 States received foods under this program in 1963.

In terms of pounds, cereal products were the most important commodities donated. Wheat flour was the single most important item, alone accounting for a quarter of all the food donated last year. Dairy products made up another large segment--contributing another quarter of the total. Of the fruits and vegetables distributed, well over half came under the National School Lunch Program. Thus far in 1964, the Department has purchased over 300 million pounds of beef products under a surplus removal program to assist in strengthening livestock prices.

Table 7.--USDA domestic donations of commodities, to schools, institutions, and needy persons 1/

Item	1955	1956	1957	1958	1959	1960	1961	1962	1963
	Mil.lb.	Mil.lb.	Mil.lb.	Mil.lb.	Mil.lb.	Mil.lb.	Mil.lb.	Mil.lb.	Mil.lb.
Meat									
Beef	17.8	21.0	45.9	0.1	4.9	56.8	62.9	41.0	26.8
Pork	---	148.3	6.5	---	35.7	29.8	68.8	31.1	28.1
Lamb	---	---	---	---	.2	.2	12.1	.1	---
Mixtures	---	---	---	---	---	---	63.3	143.0	122.8
Total	17.8	169.3	52.4	.1	40.8	86.8	207.1	215.2	177.7
Poultry									
Turkey	---	18.8	4.9	19.6	22.6	20.2	50.1	42.7	47.6
Poultry, other	---	---	---	---	---	3.6	33.3	41.9	55.9
Total	---	18.8	4.9	19.6	22.6	23.8	83.4	84.6	103.5
Eggs 2/	---	8.2	31.2	.7	18.7	22.3	24.0	10.3	8.8
Dairy products									
Butter	105.6	106.6	56.4	126.3	108.3	78.9	141.3	152.1	160.6
Cheese	81.4	101.6	91.2	136.4	41.0	26.9	22.5	141.4	128.4
Nonfat dry milk	77.3	93.9	105.3	145.4	151.6	125.3	186.4	191.1	175.2
Total	264.3	302.1	252.9	408.1	300.9	231.1	350.2	484.6	464.2
Fats and oils									
Lard and shortening	70.4	52.7	11.3	---	4.2	48.7	108.5	97.3	96.1
Fruits									
Fresh	6.4	2.0	---	---	---	---	8.6	16.2	26.9
Canned	30.7	44.0	56.0	55.7	74.3	76.7	101.7	87.6	66.0
Dried	3.7	.3	---	---	---	1.5	.1	10.5	---
Total	40.8	46.3	56.0	55.7	74.3	78.2	110.4	114.3	92.9
Vegetables									
Fresh	---	6.7	---	3.5	.6	---	2.2	---	---
Canned	69.5	38.5	43.9	61.1	69.8	40.4	54.5	74.9	86.1
Dried	72.5	77.8	47.5	5.4	2.1	15.4	109.6	141.0	114.4
Total	142.0	123.0	91.4	70.0	72.5	55.8	166.3	215.9	200.5
Potatoes and sweetpotatoes	1.2	19.7	---	---	---	3.5	8.2	38.1	25.6
Cereal products									
Bulgar	---	---	---	---	---	---	---	---	2.2
Corn (whole kernel)	---	6.4	.1	---	---	---	---	---	---
Cornmeal	12.1	75.9	107.7	148.4	146.5	124.1	183.9	179.5	155.3
Oats (rolled)	---	---	---	---	---	---	43.5	1.5	---
Rice	33.4	63.6	68.5	99.0	100.4	95.7	123.6	122.9	125.1
Wheat (whole kernel)	---	20.7	.1	---	---	---	---	---	---
Wheat flour	19.6	137.1	238.7	345.7	376.6	339.7	489.7	505.7	466.6
Wheat (rolled)	---	---	---	---	---	---	---	80.2	65.4
Total	65.1	303.7	415.1	593.1	623.5	559.5	840.7	889.8	814.6
Other 3/	5.0	4.2	6.4	6.2	5.7	7.9	39.4	41.0	37.5
Total all commodities	606.6	1,048.0	921.6	1,153.5	1,163.2	1,117.6	1,938.2	2,191.1	2,021.4

1/ Includes commodities distributed under the National School Lunch Program; excludes distribution to U. S. Territories. Data are in terms of product weight so for some items are not comparable over time.

2/ Shell eggs and dried.

3/ Includes olive oil, peanut butter and minor amounts of other items.

World Meat Consumption

The United States ranked fifth out of 40 countries in total meat consumption per capita in 1963 (table 8). Those ranking higher were New Zealand, Australia, Argentina, and Uruguay. Per capita consumption in each of these countries exceeded the United States' 169 pounds by more than 30 pounds. The United States also ranked fifth in per capita consumption of beef and veal. The same 4 countries exceeded U. S. consumption. In per capita consumption of pork, the United States ranked fourth out of 40 countries in 1963. The countries ahead of the United States' 65 pounds were Finland, West Germany, and Denmark.

Consumption of lamb, mutton, and goat meat is another story. U. S. per capita consumption of 5 pounds stood well down the list. It contrasted with consumption of 96 pounds in New Zealand and 93 pounds in Australia, for example. Consumption of horsemeat is included with total meat in countries where data is available since it is important in many countries of Europe and Asia. Belgium and Luxembourg led the list with consumption of 7 pounds per capita.

The World Food Budget, 1970

Two-thirds of the world's people live in countries that have nutritionally inadequate diets, according to The World Food Budget, 1970, Foreign Agricultural Economic Report 19. The diet-deficit areas include all of Asia except Japan and Israel, all but the southern tip of Africa, the northern part of South America, and almost all of Central America and the Caribbean.

Some progress is expected in diet-deficit areas during the rest of this decade. By 1970, calories per capita are expected to average 8 percent above 1959-61. Consumption of protein is expected to be up 10 percent and fat up 16 percent.

However, a food deficit still is expected to exist in 1970. The expected calorie gap will be the equivalent of about a third of annual U. S. grain production. The deficit in animal protein likely will be equivalent to a third again the size of total annual U. S. milk production. About a fifth of a U. S. soybean crop would be required to fill the remaining protein deficit. And, three-fourths of U. S. annual output of vegetable oil would be needed to satisfy the fat deficit. About 93 percent of the total deficit (in dollar value) is accounted for by countries in the Far East; Communist Asia alone has 62 percent.

The diet-deficit countries are poor and food deficiencies reflect the low level of living in general. Per capita income in the base period averaged only $97 compared with $1,074 in the diet-adequate countries. These countries are densely populated--53 persons per 100 acres of agricultural land compared to 17 persons per 100 acres in the diet-adequate countries. The population is increasing at 2.1 percent annually, compared with 1.3 percent in the adequate areas.

The basic problem of the diet-deficit countries is low productivity. The people cannot produce enough food to feed themselves or produce enough

Table 8.--Meat consumption per capita in specified countries, 1963 1/

Continent and country	Beef and veal	Pork	Lamb, mutton and goatmeat	Total meat 2/
	Pounds	Pounds	Pounds	Pounds
North America:				
Canada 3/	80	51	4	4/140
United States 3/ 5/	99	65	5	169
Mexico	27	12	4	43
South America:				
Argentina	190	15	11	216
Brazil	36	17	1	54
Chile	40	7	5	52
Colombia	57	8	6/	65
Ecuador	22	9	4	35
Paraguay	67	---	---	67
Peru	15	9	8	32
Uruguay	151	18	34	203
Venezuela	44	11	1	56
Europe:				
Western:				
Belgium and Luxembourg	61	54	1	123
France	73	48	6	132
Germany, West	47	69	6/	117
Italy	43	22	2	69
Netherlands	50	50	6/	104
EEC	54	48	3	107
Austria	44	69	6/	114
Denmark 3/	44	84	1	130
Finland	43	32	1	78
Greece	21	9	27	57
Ireland	18	45	18	81
Norway	33	35	9	78
Portugal	15	26	5	47
Spain	19	23	8	51
Sweden	45	57	6/	105
Switzerland	54	58	2	116
United Kingdom 3/	67	48	24	139
Eastern:				
Bulgaria	23	31	14	68
Czechoslovakia	40	56	2	98
Germany, East	7/	7/	7/	109
Hungary	26	62	1	90
Poland	29	47	2	79
Yugoslavia	15	22	5	42
USSR (Europe and Asia)	30	32	9	73
Africa:				
South Africa, Republic of	54	6	15	75
Asia:				
Japan	4	7	1	13
Philippines	8	13	6/	21
Oceania:				
Australia 8/	104	22	93	219
New Zealand 9/	111	33	96	240

1/ Carcass weight basis -- excludes edible variety meats, lard, rabbit, and poultry meat.
2/ Includes horsemeat.
3/ Per capita consumption figures take into account changes in commercial stocks. Data for United States and Canada are for civilian consumption only.
4/ Includes canned meat.
5/ Including Alaska and Hawaii.
6/ Less than 0.5 pound.
7/ Included in total consumption.
8/ Year ending June 30.
9/ Year ending September 30.

Foreign Agricultural Service.
Prepared or estimated on the basis of official statistics of foreign governments, other foreign source material, reports of United States agricultural attaches and other representatives abroad, results of office research and related information.

other products to afford to buy the food they require. Per capita food production has increased only 0.3 percent annually since the prewar period (excluding Communist Asia), and it is expected to increase over the decade of the 1960's at about the same rate.

Much of the modest improvement in per capita food consumption results from changes in trade patterns. Food aid accounts for a large part of the food imports into diet-deficit countries. These countries imported $3.2 billion worth of food in 1959-61. Close to one-third of this came from the United States under concessional programs. Food aid will likely continue to make important contributions to diet improvement as well as economic development. However, considering the size of the nutritional gap, the limitations of expanding food aid, and the chronic balance-of-payments problems in most less developed countries, the food gap will eventually have to be filled largely within each country itself.

In the densely populated diet-deficit countries, new lands are no longer available at a reasonable cost, so agricultural development requires improvement in yields per acre. This is difficult to accomplish when the labor force is largely illiterate, lacks capital, and does not have the technical and managerial skills necessary for adopting modern cultivation methods. People in the diet-adequate subregions cultivate the land more intensively; they allocate substantial resources for education, research, and development; and they provide facilities and services for agriculture. This means greatly increased yields per acre, greater output per unit of livestock, and increased output per hour of labor.

Expanding population, economic development, and improvement in diets will result in a significant increase in world food trade during the remainder of the 1960's. Food exports from the United States are expected to increase 50 percent above 1959-61 to $4.8 billion in 1970. An increasing proportion of these exports will go to the diet-deficit subregions where this food will play an important role in upgrading diets. In 1959-61, U. S. food exports accounted for 70 percent of all U. S. agricultural exports.

PER CAPITA FOOD CONSUMPTION INDEX REVISION 1/

The per capita food consumption index has been completely revamped. Revised data for selected years since 1909 appear in table 2. Changes in the index include recombining quantities beginning with 1955 using retail prices in 1957-59 as index weights, use of revised marketing loss factors, the addition of Alaska and Hawaii since 1960, the addition of a few new commodities, and alteration of certain commodity groupings.

New and Revised Food Groupings

Separation of edible fats and oils into animal and crop groups enabled the computation of per capita consumption indexes for all animal products and all crop (plant) products (cover chart). Animal products include all livestock

1/ By Stephen J. Hiemstra and Helen Eklund, Food Consumption and Utilization Section, Economic and Statistical Analysis Division.

Table 9.--Per capita food consumption index: Relative importance of major food groups, selected periods 1/

Commodity	1909-13	1925-29	1935-39	1942-45	1947-49	1955 in terms of 1947-49 prices	1955 in terms of 1957-59 prices	1957-59	1963 2/
	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent
Total food	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Animal products	59.4	57.5	55.7	58.0	58.1	59.6	54.9	54.6	54.7
Crop products	40.6	42.5	44.3	42.0	41.9	40.4	45.1	45.4	45.3
Meat, fish, poultry -- total	34.3	30.8	29.4	32.0	31.5	34.0	30.5	30.4	31.9
Meats	27.4	24.0	22.7	24.6	24.3	25.9	25.4	24.3	25.4
Fish	2.9	2.9	2.8	2.0	2.3	2.3	1.8	1.9	1.8
Poultry	4.0	3.9	3.9	5.4	4.9	5.8	3.3	4.2	4.7
Eggs	5.6	5.9	5.3	5.7	6.3	6.1	4.5	4.4	3.9
Dairy products:									
Including butter	18.4	19.6	19.8	19.6	19.0	18.3	19.1	19.0	18.1
Excluding butter	13.6	14.9	15.3	16.5	16.5	16.2	17.3	17.4	16.8
Fats and oils:									
Total, excluding butter	2.7	3.6	4.1	3.7	4.0	4.7	3.2	3.3	3.6
Total, including butter	7.5	8.3	8.6	6.8	6.5	6.8	5.0	4.9	4.9
Animal fats	5.9	6.0	5.6	4.2	3.7	3.3	2.5	2.4	2.1
Vegetable oils	1.6	2.3	3.0	2.6	2.8	3.5	2.5	2.5	2.8
Fruit -- total excluding melons	6.2	6.7	7.2	6.2	7.0	6.7	8.0	8.1	7.2
Fresh, excluding melons	5.6	5.4	5.5	4.4	4.6	3.4	4.2	4.3	3.5
Canned fruit	.2	.8	.9	.8	1.1	1.3	1.3	1.3	1.3
Canned juices	3/	3/	.2	.4	.6	.6	.6	.7	.7
Chilled fruit and juice	---	---	---	---	---	3/	.1	.1	.1
Frozen fruit	---	3/	.1	.2	.3	.5	.6	.5	.6
Frozen juices	0	0	0	0	.1	.7	.8	.9	.7
Dried	.4	.5	.5	.4	.3	.2	.4	.3	.3
Melons	.6	.6	.5	.5	.5	.4	.6	.6	.5
Vegetables -- total	9.3	9.8	10.6	10.9	9.7	9.1	10.4	10.3	10.1
Fresh	8.3	8.4	8.9	8.7	7.3	6.0	7.5	7.4	6.9
Canned 4/	1.0	1.4	1.7	2.0	2.1	2.3	2.3	2.3	2.5
Frozen 4/	---	---	3/	.2	.3	.8	.6	.6	.7
Baby food and soup	3/	.2	.5	.6	1.0	1.2	1.0	1.1	1.3
Potatoes and sweetpotatoes 4/	4.0	3.1	2.8	2.5	2.2	1.9	2.9	2.9	3.4
Dry beans, peas, and nuts	2.0	2.2	2.5	2.4	2.2	2.0	1.7	1.7	1.8
Cereal products	10.7	9.3	8.5	8.3	7.4	6.5	7.4	7.4	7.1
Sugars and sweeteners	4.3	6.0	6.2	5.3	6.3	6.7	7.3	7.3	7.4
Coffee, tea, and cocoa	1.9	2.2	2.6	2.3	2.9	2.4	3.4	3.5	3.7

1/ Individual food items combined in terms of 1947-49 average retail prices through 1954; 1957-59 prices thereafter. Differences in relative importance for 1955, the index "link" point, are caused by (1) price changes between base periods, (2) quantity changes for meat and fresh produce resulting from incorporation of new marketing loss factors, (3) small changes in coverage for potato products, sweeteners, dairy products, cereal products, and (4) revisions in consumption estimates for fish, coffee, and cocoa. 2/ Preliminary. 3/ Less than 0.05 percent. 4/ Canned and frozen potatoes and sweetpotatoes included with vegetables prior to the revision beginning 1955.

products plus fish. Over the years, the relative importance of animal products has varied between 55 and 60 percent of the total (table 9). The latest revision shifted the weighting in favor of crop products though animal products continue to dominate.

Movements of the crop and animal components of the all-food index have varied considerably from year to year. Consumption of crop products rose more sharply than consumption of animal products from about 1920 to 1950, but since then consumption of animal products has gained relatively. Major product substitutions have occurred within each of these 2 groups -- until recent years fruits and vegetables gained in importance at the expense of cereal and potatoes. Per capita consumption of dairy products and eggs, which increased in the prewar period, have trended downward in postwar years. But this decline was more than offset by postwar uptrends for meat and poultry (fig. 3).

Division of the fats and oils group into those of animal and crop (plant) origin involved separating butter, lard, and beef fats from the edible vegetable oils. Vegetable oils come from a wide variety of crops, the most important of which are soybeans and cottonseed. Fats and oils from both animal and crop origin often are consumed as blends or mixtures in final products such as shortening and margarine. However, consumption of fats and oils from animal and crop sources have sharply contrasting historical trends influenced largely by the substitution of margarine for butter and shortening for lard (fig. 4).

The index revision has enabled the addition of certain new foods, such as chilled fruits and juices, certain processed potato products, and instant coffee. For certain other foods, such as frozen fruits and vegetables, individual prices were available for weighting for the first time.

Some minor changes occurred in treatment of certain dairy products. Dry whole milk and frozen dairy desserts other than ice cream were added for the first time. In addition, condensed and evaporated milk now are weighted separately rather than combined in the index. The addition of relatively new dairy products with pronounced upward consumption trends added slightly to the relative importance of dairy products in the index and tended to moderate the postwar decline in per capita consumption of total dairy products.

Melons, soup, and baby food were separated from the vegetable group. Also, canned and frozen potatoes and sweetpotatoes, which have become highly significant in recent years, were removed from the vegetable group and are included with their other products beginning 1955. Separate weighting of these processed items and for potatoes used for chips and dehydrating substantially increased the importance of potatoes and sweetpotatoes in the index (table 9). The index, which shows a strong uptrend in recent years, now more adequately represents the current trend in total potato and sweetpotato consumption than it did previously.

The removal of these items with strong uptrends from the vegetable category has resulted in shifting the postwar trend in vegetable consumption. The previous modest uptrend is replaced by stability or decline. A decline in consumption from home gardens offsets a slight increase in consumption of

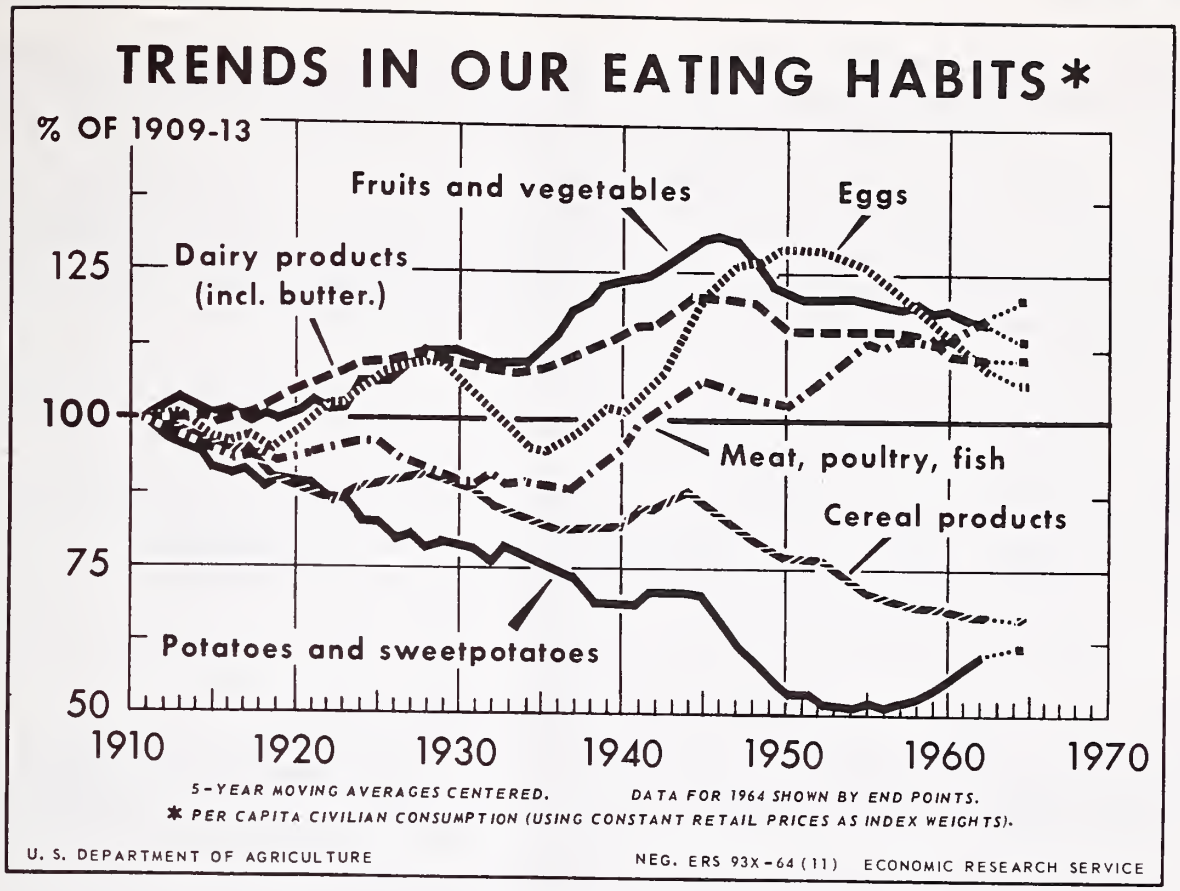

Figure 3

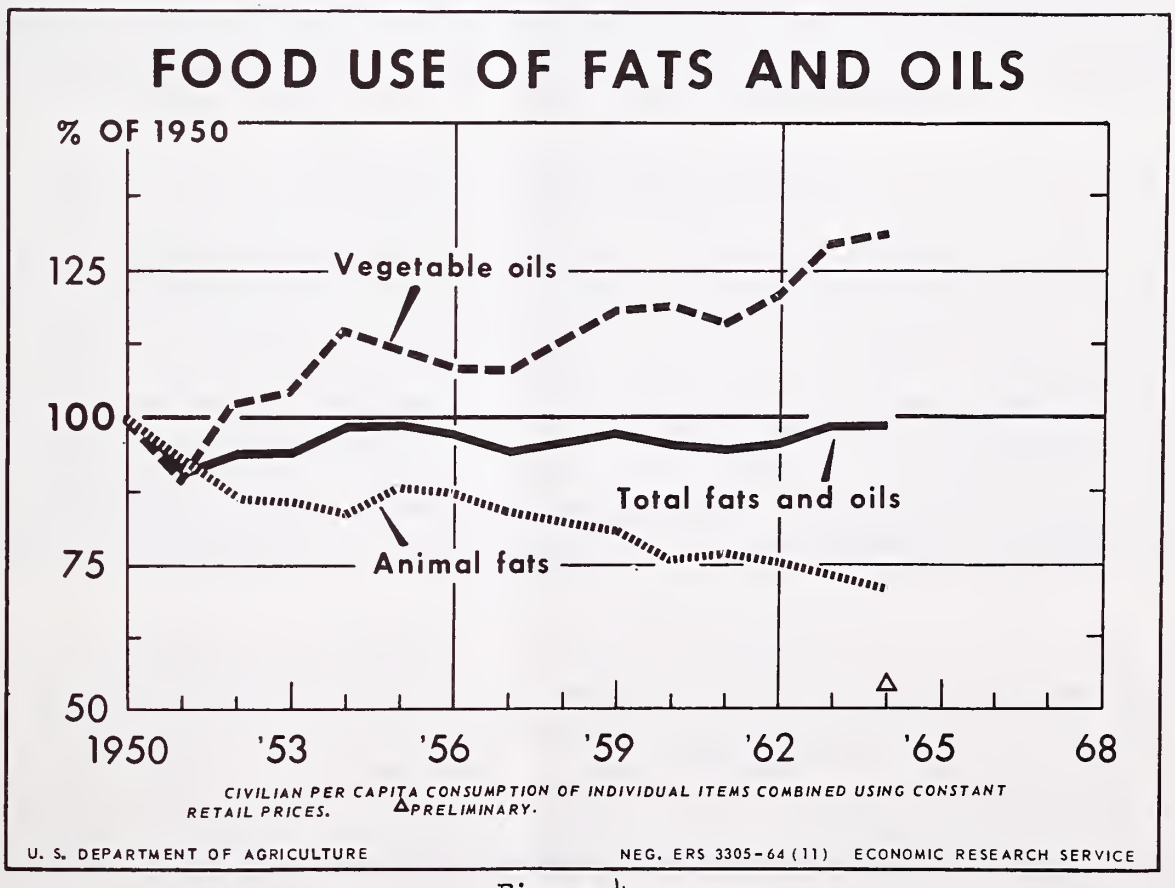

Figure 4

vegetables from commercial sources, on a fresh-equivalent basis. Moreover, increasing use of processed vegetables continues largely offsetting a decline in fresh use. The pattern is much the same as for fruits.

The sugars and other sweeteners group was revised to include refiners' sirup and honey and to treat corn sirup separately. As before, this group excludes sugars and other sweeteners contained in processed fruits and vegetables, sweetened condensed milk, and frozen dairy products.

Regular and instant coffee now are handled separately in the index. This shift and retail price increases were sufficient to increase the importance of coffee in the index even though per capita consumption has declined. A change in method of pricing chocolate products was sufficiently large to increase their importance. This occurred despite a downward revision in per capita consumption due to a change in method of totaling foreign trade in cocoa products.

Addition of Alaska and Hawaii

Beginning with 1960, the first full year of Statehood for Alaska and Hawaii, the index is on a 50-State basis. The addition of consumption in Alaska and Hawaii had no important effect on the all-food index, but consumption of certain individual products was affected slightly. Though estimates of significant food inshipments to the 48 States from these areas were included in U. S. supplies prior to 1960, the lack of reported data since 1948 had not allowed deduction of most outshipments from U. S. supplies. As a result, per capita consumption data now are reduced slightly for many items, by virtue of the allocation of about the same total food among more people. As a result, the incorporation of Alaska and Hawaii improves data for total U. S. consumption.

Conversion Weight Revisions

Food consumption is measured in terms of primary distribution weights -- at the farm, factory, or wholesale level of the marketing system. Since the per capita food consumption index is computed on the basis of retail weights, it is necessary to convert weights to an equivalent retail-weight basis. No significant weight changes occur after the primary level for many products, but changes for others are substantial. Most of the weight conversion factors were developed during or prior to World War II, when they were used extensively in allocating food supplies. Many changes in methods and efficiency of marketing have taken place in the past 2 decades, so it was necessary to review the factors previously used in computing the index.

On the basis of some special surveys of industry experience, a review of various marketing studies conducted over the years, and seminars and discussions with commodity specialists, changes were made in the factors for many of the fresh fruits and vegetables and for beef and veal. The remaining food groups continue to be based on the factors developed during the war and found in Conversion Factors and Weights and Measures for Agricultural Commodities and Their Products, published by the Production and Marketing Administration in 1952 (currently being revised).

It was found from retailers' carcass cutout experience that less meat is currently available for sale at retail from 100 pounds of carcass than was true historically. Most of the increased waste is attributed to the sharp increase in proportion of fed beef being marketed in the past decade. Carcasses from grain-fed cattle contain substantially more fat that is trimmed before reaching sale at retail than do carcasses from grass-fed cattle. Closer trim due to prepackaging meats has resulted in additional loss at the retail store. Consumption of edible beef fats (edible tallow) used in shortening, margarine, and other fats and oils, increased from 0.7 pound per capita in 1953 to 2.3 pounds in 1962.

Weight losses in the marketing of fresh fruits and vegetables have been reduced over the years as advances have been made in speed and methods of marketing. Packaging into consumer-sized containers immediately after picking has become more common so handling losses have been reduced. Increased culling at the farm results in weight loss reducing reported farm production. Previously these losses would have occurred within the marketing system. In addition, closer grading for fresh use sometimes diverts produce to processed products that previously would have been lost at retail. Immediate refrigeration and more rapid transportation have reduced losses in the marketing channel. Efficient handling by supermarkets and fast movement through air-conditioned, high volume stores further cut losses.

Index Weight Revision

The per capita food consumption index is a retail-price-weighted quantity index. Average retail prices in 1947-49 were used to weight the index for all years through 1954. Beginning in 1955, average retail prices in 1957-59 were used as weights. The index was linked at 1955.

The 1957-59 prices were taken from those collected by Bureau of Labor Statistics when they were appropriate, but many items were not priced by BLS, or at least not in the form in which quantities were measured. Since these prices are averages for products with rigid specifications for grade and form, it was necessary to adjust some prices to represent the average of all products consumed. Retail prices compiled by Statistical Reporting Service for use in the family living component of the Prices Paid Index sometimes were used since they relate to all products as purchased. It was necessary to use some price relationships derived from the 1955 Household Food Consumption Survey in adjusting prices from other sources or deriving composite prices. This survey covered farm and rural nonfarm as well as urban consumers.

NUTRITIONAL REVIEW 1/

Foods available for consumption in 1965 are expected to provide about the same quantity of nutrients per capita as in 1964. Except for a drop in ascorbic acid (vitamin C), the nutritional level of the Nation's food consumption has been quite uniform during the first part of the 1960's. The drop in vitamin C since 1962 is due to smaller supplies of citrus fruits caused by the Florida freeze in December 1962 (table 10). Although production of fresh and processed citrus fruits is expected to increase sharply in the 1964-65 crop season, total supplies of these high vitamin C foods may still be short of the high 1962 level.

Compared with 1947-49, some nutrients available in 1964 were at slightly lower levels -- especially carbohydrate, vitamin A value, and ascorbic acid. These were lower because of decreased consumption of potatoes, grain products, and vegetables and fruits with high vitamin A and C content. Changes since 1957-59 are less marked.

Even where no change appears in nutrient level between the earlier periods and 1964, important shifts in sources of nutrients may have occurred. For example, the supplies of protein have remained about constant. Animal products, however, have been furnishing an increasing share of the protein -- 68 percent in 1964 compared with 64 percent in 1947-49 and 56 percent in 1935-39. A contributing source of animal protein is the increasing consumption of beef and poultry. These foods have also contributed to the small increase in supplies of iron and niacin since 1957-59. Fruits furnished another example of how the sources of nutrients shift. While total fruits (citrus and other fruits) contributed about one-third of the vitamin C in 1964 and 1957-59, citrus fruits are now furnishing a smaller proportion of this total (table 11). The proportionate decrease of vitamin C from citrus may be accounted for not only by the December 1962 freeze but by the increasing quantities of vitamin C being added to other fruit juices and drinks. (See "Enrichment and Fortification of Foods, 1957-61," National Food Situation, November 1963.)

Nutrient levels depict a liberal food supply adequate to provide for the nutritional needs of the population, assuming equitable distribution among individuals. In total, the United States is among the 4 or 5 most fortunate countries of the world. Protein, for example, shows a current level in U. S. food of about 95 grams per capita per day. Only Canada, Australia, New Zealand, Urguay, and a few countries in Northern Europe approach or exceed this level. At the other end of the scale are some of the countries in South and East Asia, West Central Africa, and in Central America and the Caribbean where protein availability per capita averages from 45 to 55 grams per day.

1/ Prepared by Berta Friend and Esther F. Phipard, Consumer and Food Economics Research Division, Agricultural Research Service.

Table 10.--Nutrients available for civilian consumption, per capita per day, for selected periods 1/

Nutrient	Unit	Average 1947-49	Average 1957-59	1962	1963	1964 preliminary	1964 as a percentage of 1947-49	1964 as a percentage of 1957-59	1964 as a percentage of 1963
Food energy	Cal.	3,230	3,140	3,120	3,150	3,150	98	100	100
Protein	Gm.	95	95	94	95	96	101	101	101
Fat	Gm.	141	143	142	145	145	103	101	100
Carbohydrate	Gm.	403	374	373	372	373	93	100	100
Calcium	Gm.	.99	.98	.96	.96	.95	96	97	99
Phosphorus	Gm.	1.54	1.51	1.49	1.50	1.50	97	99	100
Iron	Mg.	16.7	16.1	16.3	16.5	16.6	99	103	101
Vitamin A value	I. U.	8,700	8,000	7,800	7,800	7,700	89	96	99
Thiamine	Mg.	1.91	1.84	1.83	1.83	1.83	96	99	100
Riboflavin	Mg.	2.28	2.28	2.25	2.26	2.25	99	99	100
Niacin	Mg.	21.0	20.6	21.0	21.2	21.3	101	103	100
Ascorbic acid	Mg.	113	105	107	101	102	90	97	101

1/ Data computed by Consumer and Food Economics Research Division, ARS, on the basis of estimates of apparent per capita consumption (retail basis), including estimates of produce of rural and urban home gardens, supplied by the Economic and Statistical Analysis Division, ERS. No deduction has been made in nutrient estimates for loss or waste of food in households or for destruction or loss of nutrients during the preparation of food. Data include quantities of iron, thiamine, riboflavin, and niacin added to flour and cereal products; quantities of vitamin A value added to margarine and milk of all types; quantities of ascorbic acid added to fruit juices and drinks.

Differences between these extremes are even more meaningful than the average figures suggest because of the importance of protein quality. In Australia, New Zealand, Canada, and the United States about two-thirds of the protein comes from animal sources -- meat, poultry, fish, eggs, and dairy products. Protein from these foods has a higher biological value than that from grains and other vegetable sources. In the areas with lowest total protein, animal sources account for only around 10 to 20 percent of the total. These facts help to explain why protein malnutrition is such a widespread problem among vast areas of the world and why the amount and kind of protein in national average food supplies are often used as indicators of nutritional quality.

Table 11.--Contribution of major food groups to nutrient supplies available for civilian consumption, 1957-59 average and 1964 1/

Food group	Food energy	Protein	Fat	Carbo-hydrate	Calcium	Phos-phorous	Iron	Vitamin A value	Thiamine	Ribo-flavin	Niacin	Ascorbic acid
	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent
1957-59 Average												
Meat (including pork fat cuts), poultry, and fish	18.2	35.7	33.0	0.1	3.2	22.0	27.1	19.9	27.4	21.2	42.3	1.1
Eggs	2.6	6.8	4.0	.1	2.8	6.8	7.1	7.3	2.8	6.5	.1	0
Dairy products, excluding butter	13.5	24.5	16.5	7.7	76.6	38.8	2.3	12.7	10.5	45.3	2.0	5.2
Fats and oils, including butter	16.0	.1	39.4	2/	.4	.2	0	8.7	0	0	0	0
Citrus fruits	.7	.4	.1	1.5	.8	.6	.8	1.1	2.1	.4	.7	22.1
Other fruits	2.6	.8	.3	5.6	1.3	1.3	4.4	6.9	2.2	1.8	2.3	10.9
Potatoes and sweetpotatoes	2.8	2.4	.1	5.3	1.0	3.9	4.3	8.3	6.4	1.9	7.6	20.6
Dark green and deep yellow vegetables	.3	.5	2/	.5	1.6	.7	1.9	20.7	.9	1.2	.7	9.2
Other vegetables, including tomatoes	2.3	3.3	.4	4.2	4.6	4.7	9.1	13.8	6.9	4.4	6.2	30.8
Dry beans and peas, nuts, soya flour	2.9	5.2	3.2	2.3	2.6	5.7	7.4	2/	6.0	1.9	6.3	2/
Flour and cereal products	21.4	19.9	1.5	37.6	3.3	13.1	28.2	.4	34.8	14.6	25.2	0
Sugars and other sweeteners	15.8	2/	0	34.2	.8	.2	4.3	0	2/	.1	2/	2/
Coffee and cocoa 3/	.8	.4	1.4	.7	1.1	2.0	3.0	2/	.1	.8	6.4	0
Total 4/	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1964 5/												
Meat (including pork fat cuts), poultry, and fish	19.5	38.6	34.7	0.1	3.3	24.1	28.9	21.0	28.5	22.9	44.2	1.1
Eggs	2.3	5.9	3.5	.1	2.5	6.0	6.1	6.7	2.5	5.8	.1	0
Dairy products, excluding butter	12.5	23.6	14.7	7.4	76.6	38.0	2.3	12.3	10.2	44.3	1.9	5.1
Fats and oils, including butter	16.3	.1	39.8	2/	.4	.2	0	8.7	0	0	0	0
Citrus fruits	.6	.3	2/	1.2	.6	.5	.6	.9	1.7	.3	.6	18.4
Other fruits	2.6	.7	.3	5.6	1.4	1.3	4.2	7.1	2.2	1.8	2.2	13.1
Potatoes and sweetpotatoes	2.8	2.4	.1	5.4	1.0	3.9	4.4	6.9	6.5	1.9	7.6	21.6
Dark green and deep yellow vegetables	.3	.5	2/	.5	1.6	.7	1.8	21.1	.9	1.2	.7	9.7
Other vegetables, including tomatoes	2.3	3.2	.4	4.3	4.6	4.7	8.8	14.8	6.7	4.4	6.0	31.1
Dry beans and peas, nuts, soya flour	3.0	5.1	3.6	2.2	2.6	5.7	6.8	2/	5.9	1.8	6.5	2/
Flour and cereal products	20.7	19.1	1.5	36.7	3.3	12.8	28.0	.3	34.8	14.7	24.2	0
Sugars and other sweeteners	16.3	2/	0	35.7	1.0	.2	5.3	0	2/	.1	.1	2/
Coffee and cocoa 3/	.7	.4	1.3	.7	1.1	2.0	2.8	2/	.1	.8	6.1	0
Total 4/	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

1/ Percentages were derived from nutrient data which include quantities of iron, thiamine, riboflavin, and niacin added to flour and cereal products; quantities of vitamin A value added to margarine and milk of all types; quantities of ascorbic acid added to fruit juices and drinks. See table 10.
2/ Less than 0.05.
3/ Chocolate liquor equivalent of cocoa beans.
4/ Components may not add to total due to rounding.
5/ Preliminary.

COMMODITY REVIEWS

Meat

Total red meat consumption per person will average about 173 pounds in 1964 compared with 169.3 pounds in 1963, on a 50-State basis. This is a record high. Beef consumption will be about 100 pounds, veal 5 pounds, pork almost 64 pounds, and lamb and mutton a little more than 4 pounds (fig. 5). Beef and veal will account for all the increase in meat consumption from last year. Beef consumption will be up about 6 pounds from 1963 to a new record. Veal consumption will be about the same as last year, but pork consumption will be down 1.5 pounds and lamb and mutton consumption will be down about 0.7 pound.

Red meat prices at retail for 1964 are averaging slightly below 1963. Beef and veal prices have been down generally from 1963, reflecting the larger supplies. Pork prices also have been lower but are expected to total a little stronger for the final quarter than a year earlier. Lamb prices, on the other hand, have been above 1963 throughout the year.

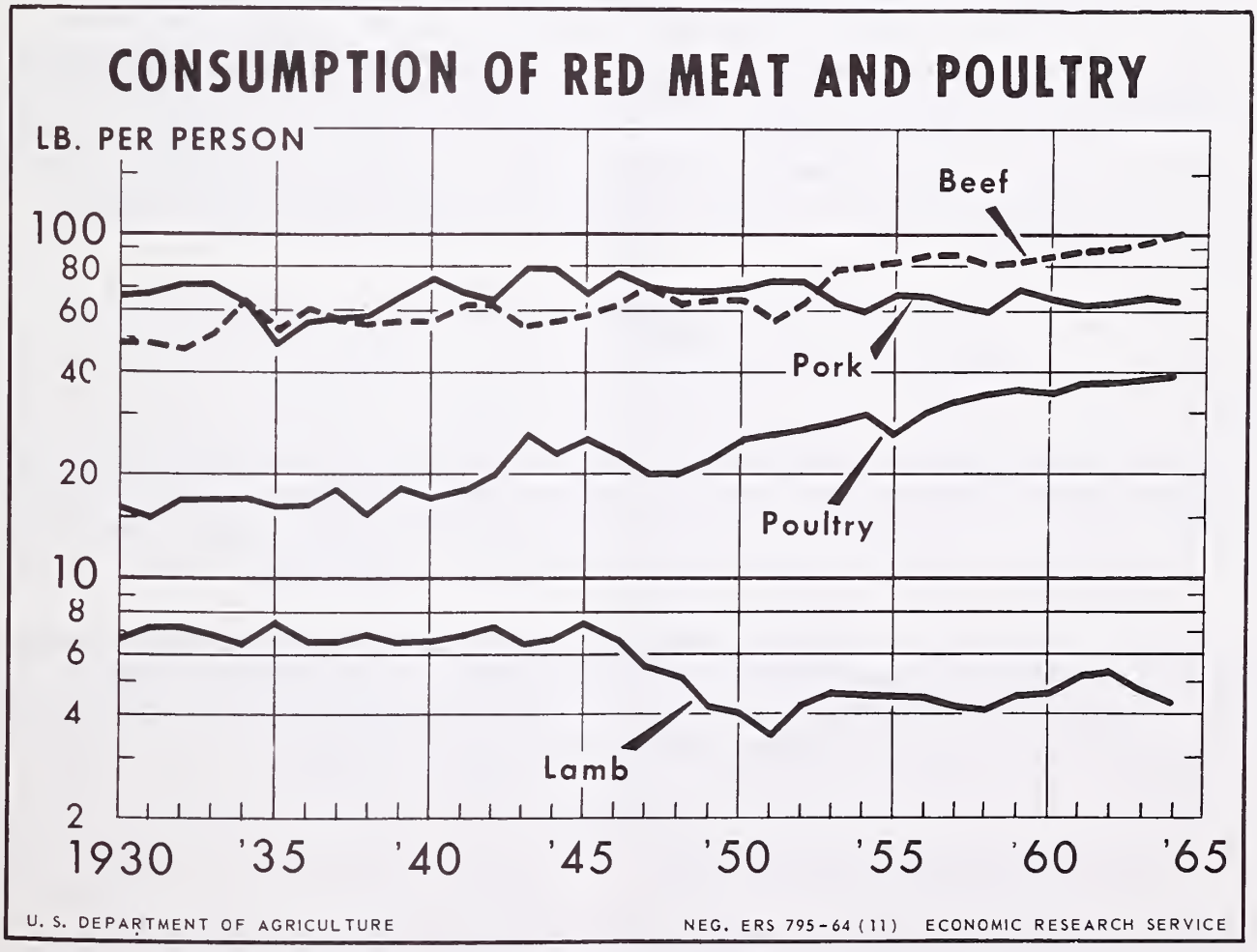

Figure 5

Next year total red meat consumption per person may total near the record consumption in 1964 as smaller supplies of pork and lamb and mutton offset moderate gains indicated for beef. The increase in the beef supply, however, is likely to be only about a third as large as the increase between 1963 and 1964. The reductions in pork, compared with 1964, are expected to be largest during the first and second quarters when the pig crop is expected to be smaller.

Retail beef prices in 1965 are likely to average near this year, but pork and lamb prices are expected to average higher.

Fishery Products 1/

The U. S. catch of fish used for food will probably register a decline again this year. Catches of nearly all of the major species are down; salmon and haddock are notable exceptions. U. S. fishermen have landed much less Maine herring, ocean perch, shrimp, halibut, cod, and whiting than last year. Imports continued to increase in 1964 and more than offset the reduced domestic catch. Receipts of Japanese tuna and Canadian groundfish blocks have increased sharply.

Though supplies of many fishery items will be adequate during the remainder of the year, some will become relative scarce. A few items -- salmon and haddock products in particular -- will be plentiful. Supplies of shrimp, halibut, scallops, and cod likely will tighten in the fourth quarter.

Total consumption of fishery products this year is increasing at about the same rate as population, so little change is occurring in per capita consumption (table 4).

Poultry

Chicken

Per capita chicken consumption in 1964 is expected to average about the same as last year's record high of 30.9 pounds but much above the 1947-49 average of 18.7 pounds. About 87 percent of the chicken in 1964 will come from commercial broilers compared with only 30 percent in 1947-49.

Chicken inspected by USDA for canning and other processed foods totaled 275 million pounds in January-September 1964 compared with 260 million pounds in the same period of 1963. Young chicken accounted for 34 percent of the total in the first 9 months this year compared with

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1/ Prepared by the Bureau of Commercial Fisheries, Fish and Wildlife Service, U. S. Department of the Interior.

29 percent a year earlier. The quantity of this processed chicken was equivalent to 7 percent of all chicken certified in federally inspected plants during the period, the same as a year earlier.

Broiler production this year is increasing 3 percent and a further small gain is likely in 1965. Nevertheless, retail prices of broilers and fryers are expected to average about the same to a little higher than in 1964. Demand in 1965 will benefit from population growth and rising consumer incomes and probably from less severe competition from red meats. Retail fryer prices in 1965 are likely to be higher in the first half than during the second half.

Turkeys

Producers are raising 98.7 million turkeys this year compared with 93.4 million in 1963--an increase of 6 percent. With heavier weight birds, production is totaling about 7 percent above 1963. Turkey prices for Thanksgiving and Christmas are expected to average a little lower this year than last. Per capita consumption in 1964 is expected to total 7.2 pounds compared with 6.7 in 1963 and the record 7.4 pounds in 1961. The trend toward greater use of turkey in convenience foods is continuing. An estimated 17 percent of the turkey this year is being processed beyond the cut-up, ready-to-cook stage compared with only 8 percent in 1961.

Another sizable increase in turkey production and consumption is in prospect for 1965. If this occurs, retail prices in the holiday period next year will probably average lower than in 1964. But, prices in the first half next year may be about the same as in January-June this year.

Eggs

Estimated civilian per capita consumption, now placed at 314 eggs, is down only slightly from 1963. In the preceding 3 years, egg use fell by about 6 eggs per year. More of the eggs this year probably will be used in processed form--31 compared with 27. Larger USDA donations of whole egg solids this year to needy families explain about a third of the increase; the rest results from larger commercial usage of egg products. Retail prices for Grade A large eggs in January-September 1964 averaged 53.4 cents per dozen compared with 54.2 cents in that period of 1963.

Egg production in January-October 1964 totaled 4.5 billion dozen, up 2 percent from a year earlier. Higher production through mid-1965 is practically assured because of the larger number of chickens currently on farms than a year ago. Second half 1965 production is also expected to be up from 1964 and by a wider margin than in the first half. This is likely because layer numbers and production per bird probably will continue to increase. Production likely will be large enough to at least maintain per capita egg consumption in 1965 at this year's rate.

Retail egg prices are expected to average a little lower than a year ago during closing months of 1964. Although egg production is increasing

seasonally, no sharp decline in egg prices from current levels is expected until next spring when the peak in output is expected. Prices, however, are likely to drift further below a year earlier over the next 12 months in response to the anticipated uptrend in production.

Dairy Products

Milk production this year is running about 1 percent above 1963 and may total 125.7 billion pounds for the year. Little change is in prospect for 1965. Production of milk, seasonally low this fall, will be increasing in December. Stocks of dairy products are below year-ago levels so supplies in the fourth quarter of 1964 and early 1965 will average below year-earlier levels. Per capita supplies of milk in all products are also below year-earlier levels. Fourth quarter milk supplies will be close to commercial needs at existing prices, but appreciable supplies will again move to CCC in early 1965.

Use per person of milk in all forms in 1964 is expected to total 626 pounds, about 2 pounds below 1963, in milk equivalent terms. However, use per person from commercial sources may be about the same as in 1963. Retail prices for dairy products for the year will average about 1 percent above 1963. In 1965 prices likely will be close to 1964 levels.

Total use of both fluid milk products and manufactured dairy products is rising in 1964 due to population and income gains. Commercial disappearance for the year is increasing about $1\frac{1}{4}$ billion pounds, milk equivalent, the largest gain since 1960. Most of the increase in sales was in fluid milk items, butter, American cheese, and nonfat dry milk. Distribution of butter and cheese from CCC supplies increased 0.3 billion pounds, milk equivalent. But the farm use of milk continues to decline as the number of persons on farms with milk cows declines.

In 1965, use per person of all milk and dairy products may decline more in line with the 8 pound (milk equivalent) average downtrend from 1957 to 1964. Consumption per person of fluid milk and cream from all sources, estimated at 306 pounds (milk equivalent), is 2 pounds below 1963. The decline has averaged 1 pound annually since 1961. However, per capita sales of fluid skim products are continuing their sharp rise of recent years. School milk programs will use about 5 3/4 billion half-pints of fluid milk in 1964, about 5 percent of total civilian consumption. Prospects for 1965 point to a continued decline in consumption per person of fluid products (milk equivalent basis), though consumption of low-fat and fluid skim products is increasing.

Average retail prices of fluid milk in fourth quarter 1964 are expected to average slightly above a year earlier. For the entire year, prices will average about 1 percent above 1963; for 1965, they are expected to continue at about year-earlier levels.

Per capita consumption of butter is averaging about the same this year as in 1963. CCC butter donations are rising slightly. Commercial use is increasing even though margarine consumption is rising 4 percent per capita.

However, downtrend in commercial demand in 1965 is likely. Cheese use may rise again this year. The gain can be attributed to small gains in CCC donations and commercial use for both American and other cheese varieties. Per capita consumption of nonfat dry milk is averaging about 9 percent above 1963. Even with this gain, use per person is below 1959-61 levels. Per capita consumption of ice cream is estimated about the same or slightly lower than in 1963, but ice milk is gaining. Use of evaporated milk has fallen almost steadily since 1950. Consumption is down about 3 percent this year and a further decline is expected in 1965.

Use per person of milkfat for 1964 is estimated at 23.3 pounds, the same as 1963. Use per person of solids-not-fat this year probably will average above the 41.4 pounds in 1963, the first year since 1956 that per capita use has not declined. But in 1965, use may decline slightly.

Food Fats and Oils

U. S. supplies of edible fats, oils, and oilseeds on October 1, were about 4 percent below the record levels of a year earlier. A rising demand for edible fats and oils is expected to boost both domestic disappearance and exports to new highs in the coming year. Retail prices for food fat products are expected to average slightly above those of a year ago.

During 1964-65, production of edible vegetable oils (cottonseed and soybean) should exceed that of last year. However, smaller starting stocks may roughly offset the increased output. Domestic consumption of edible fats and oils during calendar year 1965 may increase from a year ago, about enough to maintain stable per capita consumption at about 47 pounds (fat content). Most of this increase will be in the form of vegetable oil products rather than animal fats, in line with changing consumer preferences.

Butter and lard use may decline from 1964 but increases are in prospect for margarine, shortening, and cooking and salad oils.

Exports of food fats (including the oil equivalent soybeans) during 1964-65 probably will slightly exceed last year's record level of 5 billion pounds and account for about a third of the 1964-65 U. S. output of these commodities. Requirements for edible fats and oils in many parts of the world are increasing faster than production. Increased movement is anticipated in both commercial and Food for Peace (P.L. 480) shipments. Greater exports of and edible vegetable oils (soybean and cottonseed) are in prospect, and probably will more than offset declines for lard and butter.

Retail prices of the primary food fat products during 1965 likely will average slightly above 1964 levels, reflecting a general increase in wholesale prices. The Bureau of Labor Statistics has eliminated lard from the Consumer Price Index and salad dressing (Italian) and cooking and salad oils have been added. Consequently, prices for individual products for 1964 are not comparable with those of a year ago.

Total supplies of peanuts (farmers' stock basis) in the 1964-65 marketing year which began on August 1 are about 8 percent above last year and the largest since 1948-49. Civilian consumption of peanuts is expected to average about 5 pounds (shelled basis) per capita during 1964-65, the same as a year earlier. The 1964 peanut crop exceeds probable food and farm use by about a fourth: CCC likely will acquire this amount under the support program.

Fruits

Total supplies of fresh and processed fruit during the remainder of 1964 and in the first half of 1965 are expected to be substantially larger than in this period of 1963-64. Supplies of fresh oranges and grapefruit are expected to rise sharply because of rapid recovery of trees, especially in Florida. Fresh deciduous supplies probably will increase moderately. Supplies of canned deciduous fruits are up moderately, and sharp increases in canned and frozen citrus juices from the new packs are expected after January 1. Tree nut supplies will be down mainly because of a light pecan crop.

Retail prices for most fruits from now until mid-1965 probably will be somewhat lower than the relatively high prices a year earlier, particularly for citrus. Retail prices for pecans and some imported nuts are likely to be up from 1963-64.

Sharply increased supplies of fresh citrus fruit, especially oranges and grapefruit, are in prospect from now until next summer, due to larger crops in Florida and Texas. But California production of Navel and miscellaneous oranges is expected to be down a little. Prospective supplies of tangerines, which peak for the Christmas trade, are much larger than a year ago. Prospects for California-Arizona lemons are not so favorable as a year ago.

During the early weeks of the 1964-65 season, retail prices for fresh oranges and grapefruit have been unusually high because of light supplies resulting partly from delayed movement of Florida citrus. During the first half of 1965, prices are likely to fall noticeably below year-earlier levels. But lemon prices may be up somewhat.

Supplies of fresh deciduous fruits (mostly apples, pears, and grapes) are expected to be moderately larger from now until next spring than in this period of 1963-64. Supplies of fresh cranberries are large again this fall. Retail prices for most other fresh deciduous fruits are likely to be down from a year earlier. Continued large imports of bananas are expected. In recent years, they have been the leading fresh fruit consumed, varying around 21 pounds per person.

Prospective supplies of canned fruits from now until mid-1965 are moderately larger than a year earlier, due mainly to a substantial increase in output. The 1964 packs of canned peaches and fruit cocktail have set records, and the new packs of various other items are up by moderate to considerable amounts. This points to some easing in retail prices over the next few months or longer.

Increased supplies of frozen deciduous fruits and berries also are indicated from now through next spring. The 1964 pack of red tart cherries was record large. Total cold storage stocks of frozen deciduous fruits and berries on October 1 were a fourth larger than a year earlier.

Prospective supplies of fruit juices (canned, frozen, and chilled, as a group) are somewhat larger than a year ago. Sharp increases are expected in output of all types of citrus juices, especially frozen orange concentrate. Moderate increases seem probable in other juices such as apple, grape, and prune. Substantial quantities of various fruit juices are expected to reach the consumer as a part of fruit juice drinks. A downward drift in retail prices of fruit juices is expected in 1964-65. This may be accentuated in spring if the prospective increase in Florida Valencia orange production materializes.

Total supplies of dried fruits will be large again in 1964-65. Supplies of dried prunes are up considerably, and usable supplies of raisins may be fully as large as a year ago, when a substantial tonnage had to be shunted to nonfood uses because of rain damage.

Somewhat fewer edible tree nuts are expected in 1964-65 than a year earlier. Small to moderate increases in almonds, filberts, and walnuts are expected to be more than offset by a substantial reduction in pecans and by some reduction in imports. The 1964 pecan crop is only a third as large as the record 1963 crop. But carryover stocks of pecans are up from a year earlier. U. S. imports of cashew nuts, the leading foreign-type nut imported, probably will be down somewhat because of reduced output and increased prices in exporting countries. Decreased imports of Brazil nuts are expected because the new crop is short and prices are the highest in 10 years. Retail prices for some tree nuts probably will be as high as in 1963-64, and for others higher.

For many years Hawaii has been the principal source of U. S. canned pineapple and pineapple juice. More recently, increasing quantities of fresh pineapples and other exotic fruits (mostly processed) have been shipped to the U. S. mainland. Among tree nuts, increasing quantities of macadamia nuts also have been shipped to the mainland. However, these newer items make up only a very small percentage of total fruit and nut supplies.

Vegetables

Supplies of both canned and frozen vegetables into mid-1965 appear to be moderately smaller than the heavy volume of a year earlier. Fresh vegetable supplies are declining to the usual winter seasonal low. Supplies of potatoes this fall and winter will be much smaller than a year earlier, and supplies of sweetpotatoes during the first half of 1965 will again be light.

Retail prices for fresh vegetables during the fall are averaging above a year ago because of smaller supplies. However, prices during the winter may be down from the high levels of last winter when cold weather disrupted harvests. Retail prices of most canned and frozen vegetables into mid-1965 may be up a little from year-earlier levels. And relatively high prices are in prospect for both potatoes and sweetpotatoes through the fall and winter.

Supplies of most fresh vegetables for fall marketing are smaller than a year earlier. Production of fall-crop tomatoes is sharply above the small volume last year. More Brussels sprouts, celery, and green peppers also are likely. But indicated output of all other important vegetables is smaller than in 1963, with slightly less carrots, and moderately less broccoli, cabbage, and lettuce. Production of late summer onions for storage and marketing during the next 4 to 5 months are substantially smaller than a year ago. Vegetable crops in Florida, principal U. S. source of tender items from November through April, were set back by hurricanes. This has meant a reduced early fall volume, but increasing harvests during December. Retail prices of most fresh vegetables probably will remain above those of a year ago into early winter.

Total canned vegetable supplies for marketing into mid-1965 probably are moderately smaller than a year earlier. Supplies of snap beans, beets, green peas, and sweet corn likely will be smaller. But supplies of asparagus, tomatoes, and tomato products are expected to average at least equal to the heavy volume of a year ago. Spinach supplies are heavier. Aggregate supplies of frozen vegetables are down moderately from a year earlier, primarily because of considerably less sweet corn and lima beans. Supplies of most other frozen items are nearly the same as last year's heavy volume.

Although generally smaller than a year ago, supplies of all leading processed vegetables are plentiful. Because of continued ample supplies, overall retail prices are expected to be close to the moderate levels of a year ago. Higher prices are likely for sweet corn, lima beans, and peas. Lower retail prices are in prospect for canned beets, tomato products, and spinach. Per capita consumption of processed vegetables in 1964 is declining only slightly from the record of a year earlier. The large stocks now available will permit consumption to hold at year-earlier levels into mid-1965.

Supplies of potatoes for fall and winter markets are materially smaller than a year ago. Output of fall crop potatoes, most of which are stored for later sale, was a tenth smaller than in 1963. Since supplies are relatively small, retail prices probably will continue sharply higher than a year earlier. Per capita consumption in 1964 is down about 2 pounds from 1963, mostly because of less use of fresh potatoes during the summer when supplies were tight. Consumption of processed potato products in 1964 is about the same as last year. Supplies of potatoes and potato products in 1965 likely will be sufficient to maintain consumption at about the current rate.

Production of sweetpotatoes this year was slightly below the small crop in 1963. Marketings will be at the usual seasonal peak during November and December, then decline steadily into spring 1965. Prices are running considerably higher than a year ago, and a continued strong market is expected during the remainder of the season. Per capita consumption in 1964 was materially below a year earlier, and a further slight decline may occur in 1965.

Supplies of dry edible beans into mid-1965 are expected to be substantially smaller than the heavy supply of a year ago. However, supplies are adequate to maintain consumption at current levels. Prices likely will average about the same as a year earlier.

Cereal Products

The supply of food grains continues to run well in excess of domestic food requirements for each of the various classes and kinds of grains. Per capita consumption of products made from these cereal grains is expected to be about the same in 1965 as in 1964 with that of wheat flour estimated again at 116 pounds and rice at 6.7 pounds.

Prices of rice and rye in 1965 may be slightly lower than in 1964. However, prices of products made from these cereals may be about the same as in 1964. Retail prices of bread and baked goods may be expected to continue their long-term uptrends in 1965.

Domestic consumption of corn sugar and corn sirup continued to increase in 1964, with rising demand for these products resulting at least in part from reduced supplies and higher prices of cane sugar. The 1964 per capita consumption of corn sirup is estimated at 13.7 pounds, 11 percent higher than last year and 39 percent above 5 years ago. Per capita consumption of corn sugar increased to 4.7 pounds, 5 percent above a year earlier and an increase of about 21 percent from 5 years ago. Demand for these products is expected to continue to expand in 1965 and some further increase in consumption appears likely.

Domestic consumption of cornmeal has declined for a number of years, falling to around 7 pounds per capita in recent years. It is only about half the per capita consumption of 15 years ago. Much of the reduction has been in consumption for farm household use which is now only a minor part of total cornmeal consumption. Practically all of the cornmeal and hominy grits consumed as food are now processed commercially. Domestic consumption of oat and barley food products has been stable in recent years. The annual consumption of oatmeal for food products is estimated to be about $3\frac{1}{2}$ pounds per capita. Barley malt consumption for food use is only about 1 pound annually per capita.

Prices of food products made from corn and oats continued an upward trend in 1964. The retail price of corn flakes in September this year was 2 percent above a year earlier. The retail price of rolled oats increased about 5 percent from mid-1963 to mid-1964. Prices of these products probably will rise slightly in 1965, continuing the uptrend of recent years.

Coffee, Cocoa, and Tea

Coffee

The retail price of canned coffee was 85 cents per pound during August and September 1964. Last fall, the price of green Brazilian coffee beans started upward as roasters began to build up their inventories. This inventory buildup resulted from an estimated 58 percent reduction in Brazil's 1964-65 coffee crop, which tightened supplies of desirable "new crop" beans. Green bean prices rose from a 14-year low of 33½ cents per pound in August 1963 to 50½ cents per pound in March 1964, a 51 percent rise.

Typically, the retail price increase lags the price rise of green beans by about 2 months. Retail prices increased only 12½ percent (from 69.6 cents to 78.3 cents per pound for canned coffee) between September 1963 and March 1964. But while Brazilian green beans receded to an average of about 47 cents per pound in August, retail prices continued to climb. The total increase from September 1963 to August 1964 was about 15 cents per pound (22 percent) at retail compared with 14 cents (41 percent) for the beans. About 1.2 pounds of green beans are needed to produce 1 pound of roasted coffee, so wholesale-retail price relationships were about the same in August as a year earlier.

Harvest of the scant 1964-65 Brazilian crop is almost complete and U. S. roaster holdings of green coffee are at relatively high levels. Assuming favorable weather conditions, the 1965-66 Brazilian crop likely will rise substantially from a year earlier. The flowering of this crop has passed through the winter with no appreciable damage. However, dry weather during coming months could affect the outlook.

The retail price of instant coffee has moved upward similarly to that of canned coffee. However, the increase was not so prolonged. The instant coffee price rose from 90.7 cents per 6-ounce jar in October 1963 to 110.7 cents in June 1964 (22 percent). It weakened slightly in July and August while the price of canned and bagged coffee continued to climb. This decline can be attributed to a greater reduction in the price of robusta coffee (the dominant variety used in instant coffee) than in the Brazilian (arabica) variety used primarily in regular coffee. The average price of robusta coffee beans dropped from 42 cents per pound in March this year to about 34 cents per pound in August (19 percent). During this same period the price of Brazilian coffee dropped only 6 percent.

Total coffee consumption in the United States in 1963 remained virtually unchanged from a year earlier while on a per capita basis it declined by about 1½ percent to 15.7 pounds, green bean equivalent. In 1964, consumption is continuing to decline at about the same rate, due in part to higher prices. U. S. imports of green beans so far this year are 4 percent lower than a year earlier. If expected increases in income occur and assuming no further price increase, per capita consumption may rise slightly in 1965.

Per capita consumption of instant coffee increased continuously from 1951 to 1960, but stabilized in 1961 and 1962. Consumption declined slightly in 1963, and the decline is continuing through this year.

A recent survey conducted by the Pan-American Coffee Bureau measured U. S. coffee consumption by regions on a cup-per-day basis. In 1964, it found that a consumption decline was occurring in the East, Midwest, and West. Only the South indicated an increase in consumption this year. Coffee consumption in the West exceeded that of any other region.

Cocoa

During the postwar years, erratic price movement has characterized the cocoa market. In 1938-41, the price of cocoa beans ("Accra," New York Spot) averaged about 5½ cents per pound. During the war the price averaged about 9 cents per pound. In the immediate postwar period the cocoa market expanded considerably and bean prices began an upward swing which ended in 1954 with the average price reaching approximately 56 cents per pound. During 1954, world grindings of beans decreased approximately 9 percent.

Since 1954, prices have trended generally downward. World production has been in excess of consumption every year since 1954 except for 1957 and 1958. During these years, world stocks declined and prices rose, reaching 44 cents per pound in 1958. Increased production resumed and pushed prices downward again, reaching a 13-year low of about 21 cents per pound in 1962.

In 1963, cocoa beans rose to 25 cents per pound due in part to a reduction in the production-consumption balance and in part to processor uncertainty about the effect of a proposed international cocoa agreement. This year the price receded, dipping to an average of about 23 cents per pound in January-September. The decrease reflects a record output in 1963-64 and prospects of an even larger 1964-65 outturn.

Consumption of cocoa beans in the United States has averaged about 4 pounds per capita since 1950, except for years in which prices increased markedly. In 1954, 1955, and 1958, per capita consumption dropped to approximately 3.3 pounds. Processors were able to introduce cocoa-product substitutes and extenders that reduced the consumer's awareness of reduced chocolate and cocoa supplies during these periods of high prices.

The per capita consumption figures cited above are revised from those previously qucted. The difference resulted from revisions in the method used to convert products to the cocoa bean equivalents. The method now provides for separate accounting of imports and exports of cocoa butter and cocoa powder.

U. S. per capita consumption in 1964 is remaining about the same as last year's level of 3.9 pounds. Total grindings for the first 9 months were slightly below January-September 1963. Consumption in 1965 is expected to change little from this year if prices remain relatively stable. Anticipated record production and only moderate growth in world consumption likely will stabilize prices. However, the signing of a Producer's Agreement by the Cocoa

Producers Alliance in September of this year may strengthen prices in the coming year. The Agreement, designed to regulate supplies through the imposition of export quotas, went into force on October 1, which marks the beginning of the 1964-65 cocoa marketing year. The agreement is the first attempt to regulate the international cocoa market.

Success or failure of this agreement may depend largely on: (1) Prospects for record 1964-65 production and expected slower growth in consumption, which may depress cocoa bean prices; (2) limited storage facilities and high costs of storing beans in producing countries, and (3) the reluctance of producers to destroy cocoa beans. The present relatively large inventory position in consuming countries would complicate producer stock management.

Tea

World tea production in 1963 set a record for the tenth consecutive year. This continuous increase in output is the result of higher yields in India and Ceylon, which account for over 75 percent of world exports, and in other major producing countries plus expanded production in South America and Africa. World production in 1964 also is expected to reach record proportions.

World consumption also has increased and prices have held fairly constant. Consumption has increased in traditional tea-importing countries as well as in producing countries. The United Kingdom takes 45 percent of world tea exports and the United States 10 percent. Per capita consumption in the United Kingdom, at nearly 10 pounds, has been stable for many years and is considered to be at a saturation point.

U. S. tea consumption has been increasing gradually. Per capita consumption averaged about 0.6 pound in 1955-61. In 1962 and 1963, the average increased slightly and a further increase is expected in 1964 and 1965. Rising U. S. consumption resulted mainly from an increase in popularily of iced tea as a summer beverage and the introduction of instant tea. In 1950, instant tea claimed about 0.6 percent of total U. S. tea sales and in 1963 it made up 14.4 percent. Also, an increasing percentage of total tea has been marketed in tea bags.

Table 12.--Production of major food commodities, calendar years, selected periods, 1947-64 1/

Commodity	Unit	Average 1947-49	Average 1957-59	1961	1962	1963	1964 Preliminary 2/	1964 as a percentage of 1947-49	1964 as a percentage of 1957-59	1964 as a percentage of 1963
Meats (carcass weight) - Total	Mil.lb.	22,100	26,612	28,620	28,989	30,593	32,096	145	121	105
Beef	Mil.lb.	9,649	13,704	15,323	15,320	16,448	18,160	188	133	110
Veal	Mil.lb.	1,454	1,240	1,045	1,016	928	964	66	78	104
Lamb and mutton	Mil.lb.	716	711	832	809	770	715	100	101	93
Pork (excluding lard)	Mil.lb.	10,281	10,957	11,420	11,844	12,447	12,257	119	112	98
Poultry and eggs 3/										
Eggs	Mil.doz.	5,086	5,475	5,328	5,367	5,320	5,375	106	98	101
Chicken (ready-to-cook)	Mil.lb.	2,753	4,880	5,833	5,840	6,078	6,250	227	128	103
Turkey (ready-to-cook)	Mil.lb.	491	1,065	1,506	1,304	1,341	1,440	293	135	107
Dairy products										
Total milk	Bil.lb.	4/116.3	123.3	125.4	126.0	124.8	125.7	108	102	101
Cheese 5/	Mil.lb.	1,160	1,396	1,635	1,592	1,631	1,700	147	122	104
Condensed and evaporated milk	Mil.lb.	3,497	2,789	2,631	2,409	2,374	2,360	67	85	99
Ice cream (product weight)	Mil.lb.	2,758	3,212	3,357	3,381	3,440	3,480	126	108	101
Fats and oils - Total fat content 6/	Mil.lb.	7,627	11,070	12,338	13,334	13,653	13,738	180	124	101
Butter, (actual weight)	Mil.lb.	1,611	1,477	1,536	1,579	1,453	1,445	90	98	99
Lard 7/	Mil.lb.	2,419	2,584	2,517	2,480	2,476	2,450	101	95	99
Margarine (actual weight)	Mil.lb.	839	1,549	1,724	1,726	1,744	1,850	221	119	106
Shortening	Mil.lb.	1,434	2,022	2,456	2,689	2,533	2,665	186	132	105
Other edible fats and oils 8/	Mil.lb.	3,912	7,297	8,585	9,577	10,007	10,125	259	139	101
Fruits										
Fresh:										
Citrus	Mil.lb.	8,783	6,695	6,360	6,180	4,852	5,630	64	84	116
Apples (commercial)	Mil.lb.	3,775	3,972	3,827	3,784	3,766	4,300	114	108	114
Other (excluding melons)	Mil.lb.	4,493	4,082	4,042	4,080	3,681	4,200	93	103	114
Processed:										
Canned fruit	Mil.lb.	2,597	3,591	4,697	4,922	4,400	5,100	196	142	116
Canned fruit juices	Mil.lb.	2,230	2,177	2,723	2,849	2,958	2,564	115	118	87
Frozen (including juice)	Mil.lb.	415	1,556	1,741	2,037	1,233	1,500	361	96	122
Dried	Mil.lb.	961	697	758	722	778	814	85	117	105
Vegetables 9/										
Fresh 10/	Mil.lb.	18,504	19,921	21,171	21,023	21,209	20,817	112	104	98
Canned	Mil.lb.	5,993	7,619	8,601	9,258	8,625	8,262	138	108	96
Frozen	Mil.lb.	439	1,183	1,531	1,493	1,452	1,435	327	121	99
Potatoes and sweetpotatoes										
Potatoes	Mil.cwt.	248	252	294	267	272	246	99	98	90
Frozen potato products	Mil.lb.	9	287	579	762	862	880	9,778	307	102
Sweetpotatoes	Mil.cwt.	25.3	18.2	15.2	19.4	16.1	16.0	63	88	99
Dry edible beans 11/	Mil.lb.	1,854	1,797	2,029	1,860	2,071	1,812	98	101	87
Dry field peas 11/	Mil.lb.	401	376	354	496	475	464	116	123	98
Melons 10/	Mil.lb.	4,061	4,454	4,446	4,478	4,726	4,394	108	99	93
Sugar, raw basis	1,000 tons	2,066	2,732	4,268	4,399	4,870	5,500	266	201	113
Grains										
Wheat	Mil.bu.	1,251	1,178	1,235	1,094	1,138	1,286	103	109	113
Rye	Mil.bu.	23.1	28.3	27.5	40.8	29.4	34.4	149	122	117
Rice, rough	Mil.cwt.	35.3	45.7	54.6	54.2	66.0	70.1	199	153	106
Corn, grain only	Mil.bu.	2,787	3,409	3,626	3,637	4,082	3,564	128	105	87
Oats	Mil.bu.	1,282	1,248	1,011	1,020	981	893	70	72	91
Barley	Mil.bu.	279	447	396	436	400	388	139	87	97
Peanuts, farmers' stock basis	Mil.lb.	2,128	1,613	1,740	1,810	2,022	2,148	101	133	106

1/ Calendar year basis except for fresh citrus fruit for which the season begins in the fall of the previous year; dried fruits on a pack year beginning year indicated; rice on a marketing year ending year indicated.
2/ Based on the best available information but subject to revision in line with later data from the Crop Reporting Board.
3/ Includes an allowance for nonfarm production.
4/ Includes an allowance for nonfarm production of 1.1 billion pounds in 1947-49.
5/ Excludes full skim, cottage, pot, and bakers' cheese.
6/ Includes butter, lard, and "other edible fats and oils."
7/ Includes amount used in manufactured food and nonfood products.
8/ Includes cottonseed, peanut, soybean, corn, edible olive, and oleo oils, oleo stock, oleostearine, and edible tallow later processed into margarine, shortening, cooking and salad oils, etc., and nonfood items.
9/ Excludes potatoes and sweetpotatoes.
10/ Covers total commercial production for sale as fresh both for shipment to distant markets and for local markets; includes quantities not harvested. Excludes farm garden output for farm household use.
11/ Cleaned basis.

Table 13 .--Retail food price indexes and Consumer Price Index, selected periods

(Index, 1957-59=100)

Year and month	Food at home											Food away from home	All food	Consumer Price Index
	Meat 1/	Poultry 2/	Fish	Eggs	Dairy products 3/	Fats and oils 4/	Fruits and vegetables	Cereal and bakery products	Sugar and sweets	Beverages	Total			
1935-39	37.8	68.7	28.9	60.3	45.9	65.4	39.6	45.6	48.3	27.5	42.6	5/	41.9	48.7
1947-49	86.7	132.5	86.4	122.7	88.3	117.9	80.9	75.5	85.4	56.1	86.1	5/	84.7	81.5
1950	91.4	126.1	89.0	104.7	84.7	94.2	79.0	78.8	86.9	85.9	87.1	5/	85.8	83.8
1951	103.6	132.1	101.6	127.4	94.5	110.3	86.3	86.0	90.1	94.7	96.9	5/	95.4	90.5
1952	102.6	132.6	99.0	116.3	98.5	93.5	94.8	88.1	90.9	95.3	98.6	5/	97.1	92.5
1953	95.8	129.3	95.3	123.2	96.8	93.9	91.8	89.8	91.9	97.9	96.8	89.3	95.6	93.2
1954	95.3	116.7	95.8	103.1	93.7	98.9	90.5	91.9	93.8	116.3	96.3	90.9	95.4	93.6
1955	87.7	121.5	93.9	106.5	93.6	95.9	91.8	93.4	95.8	104.2	94.4	91.8	94.0	93.3
1956	84.8	106.5	93.8	105.9	96.0	98.0	96.3	94.7	93.6	108.9	94.8	93.6	94.7	94.7
1957	94.2	103.8	95.0	100.9	98.8	102.4	96.0	98.4	96.3	108.1	97.9	97.1	97.8	98.0
1958	104.9	102.6	101.6	106.1	100.3	101.2	102.8	100.4	100.7	100.5	102.2	100.0	101.9	100.7
1959	101.0	93.5	103.4	92.9	101.0	96.5	101.2	101.2	102.9	91.3	99.7	102.8	100.3	101.5
1960	99.2	95.0	103.5	100.1	103.2	92.1	103.8	103.2	103.4	90.7	100.6	105.5	101.4	103.1
1961	100.5	85.8	105.8	100.1	104.8	98.6	104.2	105.4	101.4	90.7	101.5	107.8	102.6	104.2
1962	102.5	90.7	110.2	94.6	104.1	98.5	105.0	107.6	101.4	89.3	102.2	110.7	103.6	105.4
Jan.	100.4	90.0	108.7	99.7	105.6	99.5	100.6	106.6	101.0	89.5	101.2	109.2	102.5	104.5
Feb.	100.6	95.0	109.6	100.0	105.1	99.5	102.9	107.1	101.3	89.4	101.9	109.5	103.1	104.8
Mar.	100.5	94.9	109.6	94.0	105.0	99.7	104.4	107.3	101.2	89.1	101.9	109.7	103.2	105.0
Apr.	100.7	89.6	110.2	89.2	103.7	99.7	108.6	107.3	101.1	89.2	102.1	109.9	103.4	105.2
May	100.2	88.2	110.5	85.5	103.0	99.8	109.4	107.5	101.1	89.2	101.9	110.1	103.2	105.2
June	100.2	89.0	110.7	81.3	102.7	99.0	111.9	107.4	101.3	89.1	102.1	110.6	103.5	105.3
July	101.8	87.9	110.6	84.6	103.5	98.4	109.9	107.9	101.5	89.2	102.4	110.9	103.8	105.5
Aug.	103.6	89.9	110.9	89.8	103.9	98.0	105.2	107.8	101.5	89.4	102.3	111.4	103.8	105.5
Sept.	107.8	93.1	110.8	103.1	104.2	97.0	102.2	107.9	101.7	89.8	103.5	111.5	104.8	106.1
Oct.	105.4	91.0	110.7	104.6	104.3	97.1	102.0	108.0	101.7	89.6	102.9	111.8	104.3	106.0
Nov.	104.5	92.5	110.2	101.1	104.2	97.1	102.1	108.4	101.9	88.9	102.6	111.9	104.1	106.0
Dec.	104.1	86.8	110.4	101.8	103.9	96.8	100.2	108.2	101.8	88.7	101.9	112.2	103.5	105.8
1963	100.9	89.3	110.0	96.0	103.8	95.7	111.0	109.1	110.1	90.4	103.5	113.2	105.1	106.7
Jan.	103.6	90.0	111.0	103.1	103.8	96.8	106.4	108.7	102.0	88.9	103.2	112.3	104.7	106.0
Feb.	102.8	91.0	110.0	100.1	103.6	96.8	109.4	109.2	102.6	89.1	103.5	112.5	105.0	106.1
Mar.	101.2	91.1	110.4	98.6	103.5	96.2	109.6	109.1	102.9	88.9	103.0	112.6	104.6	106.2
Apr.	98.3	89.8	110.5	96.1	102.9	96.0	112.0	109.2	103.1	88.7	102.6	112.8	104.3	106.2
May	98.1	88.5	111.1	85.2	102.8	95.5	113.9	109.3	106.0	89.2	102.5	112.9	104.2	106.2
June	98.6	89.4	110.3	83.6	102.8	95.3	115.6	109.2	121.2	89.9	103.4	113.0	105.0	106.6
July	100.9	88.9	109.7	88.2	103.3	95.4	118.7	109.2	117.9	91.3	104.8	113.1	106.2	107.1
Aug.	102.6	88.1	109.1	91.7	104.2	95.7	114.2	109.1	114.0	92.0	104.5	113.3	106.0	107.1
Sept.	102.6	89.0	109.2	102.8	104.3	95.4	108.1	109.1	110.0	91.8	103.8	113.6	105.4	107.1
Oct.	101.4	88.5	108.8	103.6	104.6	95.2	106.3	109.1	109.9	91.6	103.2	114.0	104.9	107.2
Nov.	100.4	88.5	109.5	99.2	104.8	95.1	108.2	109.1	114.3	91.8	103.4	114.0	105.1	107.4
Dec.	99.7	89.0	109.7	99.6	105.0	95.4	109.8	109.0	117.0	92.1	103.7	114.3	105.4	107.6
1964 6/														
Jan.	99.0	87.4	108.8	106.0	105.0	95.6	112.4	109.1	117.9	93.4	104.2	114.3	105.8	107.7
Feb.	99.0	87.1	108.5	101.4	104.8	95.4	113.9	109.0	118.3	95.7	104.4	114.4	106.0	107.6
Mar.	97.9	86.5	107.1	93.3	104.5	95.0	115.1	108.8	117.6	98.6	104.0	114.7	105.7	107.7
Apr.	97.7	85.7	107.1	90.8	104.1	94.6	115.7	108.8	117.0	101.0	103.9	114.9	105.7	107.8
May	97.3	85.7	106.9	85.3	103.9	95.0	115.7	108.9	116.6	102.4	103.7	115.0	105.5	107.8
June	97.2	87.5	106.5	83.3	104.0	94.9	120.2	109.2	115.5	103.4	104.4	115.1	106.2	108.0
July	99.5	89.1	106.5	87.9	104.3	94.7	122.3	109.2	114.3	103.8	105.7	115.2	107.2	108.3
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Sept.	103.0	87.7	106.4	104.9	104.6	94.2	112.2	109.9	114.0	103.7	105.6	115.5	107.2	108.4

1/ Beef, veal, lamb and mutton, pork, and processed meat. 2/ Chicken is only item included. 3/ Includes butter. 4/ Excludes butter. 5/ Data not collected prior to 1953. 6/ Revised beginning January 1964. Item selection and quantity weights reflect the buying pattern of wage earners and clerical workers in 1960-61 and for the first time include single person families. Series are linked at December 1963. Documents describing the new index are available on request from the Bureau of Labor Statistics, Washington, D. C. 20210. The average for fats and oils is computed by Economic Research Service using data obtained from Bureau of Labor Statistics.

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